

**GREEN EXCHANGE LLC**

**RULES**

\_\_\_\_\_, **2010**

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## **CHAPTER 1 DEFINITIONS**

When used in the GreenEx Rules the following terms shall have the respective meanings as follows:

“Affected Person” has the meaning set forth in Rule 302(e).

“Affiliate” means, with respect to any Person, any Person who, directly or indirectly, Controls, is Controlled by, or is under common Control with, such other Person.

“Appeal Panel” means a panel comprised of a chairman and two individuals appointed by the Board to consider appeals under Chapter 7. At least one member of the Appeal Panel shall be a Public Individual, as determined by the Board.

“Applicable Law” means, with respect to any Person, any statute, law, regulation, rule or ordinance of any governmental or self-regulatory authority applicable to such Person, including the CEA and CFTC Regulations.

“APS” means an average price system described in Rule 531.

“Arbitration Committee” means the committee described in Rule 828.

“Authorized Representative” means any natural person who is employed and authorized by a Participant to represent the Participant in Exchange matters pursuant to Rule 307.

“Authorized Trader” means any natural person who is employed and authorized by (i) a Participant (which may also be the Participant, if such Participant is a natural person) or (ii) a Customer with direct access to the GreenEx Platforms, to place Orders on the GreenEx Platforms.

“Board” means the Board of Directors of the Exchange constituted from time to time in accordance with the Operating Agreement.

“Business Day” means a day on which the Exchange is open for trading.

“CEA” means the Commodity Exchange Act, as amended.

“Chief Executive Officer” means the individual appointed by the Board as the Exchange’s chief executive officer in accordance with the Operating Agreement, with the duties and responsibilities as may be prescribed by the Board from time to time.

“CFTC” means the Commodity Futures Trading Commission or any successor regulatory body.

“CFTC Regulations” means the rules and regulations promulgated by the CFTC, as amended.

“Chief Regulatory Officer” means the individual appointed by the Board as the Exchange’s chief regulatory officer in accordance with the Operating Agreement, with the duties and responsibilities as may be prescribed by the Board from time to time.

“Clearing House” means CME or such other clearing organization(s) as the Exchange may designate in the future to provide clearing services with respect to any or all of its Contracts. To the extent that the Exchange designates multiple clearing organizations to provide clearing services at any given time, the term “Clearing Houses” shall refer to any clearing organization designated to provide such services with respect to the Contract or Clearing Member in question.

“Clearing House Rules” means the Certificate of Incorporation, the By-laws and any rule, interpretation, stated policy, or instrument corresponding to any of the foregoing, in each case as adopted or amended from time to time by the Clearing House relating to the Exchange or any or all of the Contracts.

“Clearing Member” means any member of the Clearing House that is authorized pursuant to the Clearing House Rules to clear trades in any or all of the Contracts.

“CME” means the Chicago Mercantile Exchange, Inc., or its successor.

“CME Group” means CME Group Inc., or its successor.

“CPC” means CME ClearPort<sup>®</sup>, a facility owned and operated by CME Group for clearing of Contracts arising out of over-the-counter transactions.

“CPC Incentive Program” has the meaning set forth in Rule 606.

“CPC Trade Portal” has the meaning set forth in Rule 601(a).

“Contract” means any Future or Option which is traded on the GreenEx Platforms or subject to the GreenEx Rules.

“Contract Market” has the meaning set forth in CFTC Regulation 1.3(h).

“Contract Specifications” means, with respect to any Contract, the rules or other trading protocols containing specifications for such Contract, as adopted, amended, supplemented or otherwise modified from time to time by the Exchange.

“Control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of securities, by contract, or otherwise. The terms “controlling” or “controlled” shall have meanings correlative to the foregoing.

“Customer” has the meaning set forth in CFTC Regulation 1.3(k).

“Customer Account” means an account carried by a Participant or Clearing Member on behalf of a Customer.



“Daily Settlement Price” means the settlement price for a Contract calculated each Business Day by or on behalf of the Exchange.

“Derivatives Clearing Organization” has the meaning attributed to such term by section 1a(9) of the CEA.

“Director” means any member of the Board.

“Disciplinary Panel” means the panel selected by the Chief Regulatory Officer to act in an adjudicative role and fulfill various adjudicative responsibilities and duties described in Chapter 7. Each Disciplinary Panel shall consist of three individuals, one of whom is an Exchange Official and two of whom are representatives of Participants. No member of the Disciplinary Panel may be an Interested Person. At least one member of the Disciplinary Panel shall be a Public Individual, as determined by the Chief Regulatory Officer.

“Discretionary Order” means an Order for a Customer Account in respect of which the Participant or its employee have discretion as to the Contract or the amount to be purchased or sold.

“Electronic Audit Trail” has the meaning given in Rule 525.A.

“Emergency” means the occurrences or circumstances which, in the opinion of the Board, require immediate action, and which threaten, or may threaten, the fair and orderly trading in, or the settlement or integrity of, any Contract, including, without limitation, the following:

(i) any circumstance that may materially affect the performance of a Contract, including failure of the payment system;

(ii) any action taken by any United States or foreign regulatory, self-regulatory, judicial, arbitral, or governmental (whether national, state or municipal) or quasi-governmental authority, or any agency, department, instrumentality, or sub-division thereof; or other Person exercising, or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; or any other Contract Market, clearing house, board of trade, or other exchange or trade association (foreign or domestic) that may have a direct impact on trading on the Exchange or the settlement legality or enforceability of any Contract;

(iii) any actual, attempted or threatened corner, squeeze, congestion, manipulative activity or undue concentration of positions in a Contract;

(iv) any circumstance that may have a severe, adverse effect upon the functions and facilities of the Exchange, including, but not limited to, acts of God, fire, flood or other natural disasters, bomb threats, acts of terrorism or war, severely inclement weather, or failure or malfunction of all or a portion of the GreenEx Platform, or other system breakdowns or interruptions such as power, computer, communication or transportation systems or the Internet;

(v) the bankruptcy or insolvency of any Clearing Member or the imposition of any injunction or other restraint by any government agency, clearing house, court or arbitrator upon a Clearing Member which may affect the ability of a Clearing Member to trade in or perform on a Contract;

(vi) any circumstance in which it appears to the Board that a Clearing Member or any other Person:

(A) has failed to perform on a Contract;

(B) is insolvent; or

(C) is in a financial or operational condition or is conducting business such that the Clearing Member or Person cannot be permitted to continue in business without jeopardizing the safety of Customer funds, Participants, other Clearing Members, the Exchange or the Clearing House; or

(vii) any other unusual, unforeseeable or adverse circumstance as determined by the Exchange.

“Emergency Rules” has the meaning set forth in Rule 210(a).

“Exchange” means Green Exchange LLC, or any successor thereto.

“Exchange Activity” means business for which a Clearing Member or Participant is subject to the GreenEx Rules, which is purportedly conducted subject to the GreenEx Rules, or which should have been conducted subject to the GreenEx Rules.

“Exchange for Physical” or “EFP” has the meaning set forth in Rule 603.

“Exchange for Risk” or “EFR” has the meaning set forth in Rule 603.

“Exchange of Futures for Related Positions” or “EFRP” has the meaning set forth in Rule 603.

“Exchange Official” means any Director or Officer of, or individual employed directly by, the Exchange, the Regulatory Services Provider or any individual rendering similar services to the Exchange under an administrative or similar agreement.

“Exchange of Options for Options” or “EOO” has the meaning set forth in Rule 603.

“Exchange Practices Committee” means the committee of the Board constituted in accordance with Rule 205.

“Exchange Proceeding” and “Exchange Proceedings” have the meanings attributed to such terms in Rule 208(a).

“Future” means any contract for the purchase or sale of any commodity for future delivery.

“Futures Commission Merchant” or “FCM” has the meaning set forth in CEA §1a(20).

“Globex Control Center” means the Globex Control Center™, a technical support center established and maintained by CME to provide technical support and control over the operations of the Globex System.

“Globex System” or “Globex” means the CME Globex® electronic trade execution system, including any licensed software that is a part of it from time to time, and any successor electronic trading system thereto.

“GreenEx Holdings” means Green Exchange Holdings LLC, or any successor thereto.

“GreenEx Platform” means, as the context requires, either or both of the Globex System and/or the CPC platform, that is made available by or on behalf of GreenEx to Participants for the execution and matching, and/or submission for clearing to the Clearing House of Contracts.

“GreenEx Rules” means all rules adopted, and Notice to Participants published, by the Exchange, as amended.

“Interested Person” has the meaning attributed to such term in Rule 208(a).

“Introducing Broker” has the meaning set forth in CEA §1a(23).

“NFA” means the National Futures Association.

“No Bust Range” means for any Contract, the range set forth in Rule 542.G.

“Notice of Charge” means a notice sent by the Regulatory Oversight Department pursuant to Rule 706.

“Notice to Participants” means a communication sent by or on behalf of the Exchange to all Participants as described in Rule 309.

“Obligation” means each Rule of the Exchange, order or procedure issued by the Exchange, including Notice to Participants, and other requirement implemented by the Exchange under the GreenEx Rules, including each term of a Contract, as well as any contractual obligations between a Clearing Member or Participant and the Exchange.

“Officer” has the meaning attributed to such term in Rule 202.

“Operating Agreement” means that Second Amended and Restated LLC Agreement of Green Exchange LLC, dated as of April 22, 2010, as the same may be amended from time to time.

“Option” means any Option to buy or sell any Future traded subject to the GreenEx Rules.

“Order” means either a bid or an offer for a Contract.

“Participant” means any Person that has been granted, and continues to have, Trading Privileges under the GreenEx Rules. Participants shall be deemed to be members of the Exchange for purposes of the CEA.

“Participant Documentation” means the agreements (together with any applicable schedules, exhibits or appendices thereto required by the Exchange) in form and substance acceptable to the Exchange, that are required to be executed and delivered to the Exchange before a Person may access the GreenEx Platform.

“Person” means a natural person or an entity.

“Proprietary Account” has the meaning ascribed to it by CFTC Regulation § 1.3(y).

“Public Director” means an individual with the qualifications set forth in Rule 201(e).

“Public Individual” means an individual that is determined by the Board or Chief Regulatory Officer, as applicable, to have no “material relationship” with the Exchange, as such term is used in Rule 201(e).

“Regulatory Oversight Committee” means the committee of the Board constituted in accordance with Rule 206.

“Regulatory Oversight Department” means all Exchange Officials and/or agents of the Exchange (including the Regulatory Services Provider) that assist the Exchange in the implementation, surveillance and enforcement of the GreenEx Rules and other Obligations.

“Regulatory Services Agreement” means the agreement between the Exchange and the Regulatory Services Provider whereby market surveillance and trade practice surveillance functions are delegated to the Regulatory Services Provider.

“Regulatory Services Provider” means the organization, if any, which provides regulatory services to the Exchange pursuant to a Regulatory Services Agreement.

“Request for Cross” or “RFC” has the meaning set forth in Rule 526.C.

“Request for Quote” or “RFQ” has the meaning set forth in Rule 526.C.

“Self-Regulatory Action” has the meaning attributed to such term in Rule 208(a).

“Self-Regulatory Organization” shall have the meanings attributed to such term in CFTC Regulation § 1.3(ee) and, in addition, shall include a Contract Market, Derivatives Clearing Organization, and registered futures association.

“Supervised Persons” means any directors, officers, employees or agents (including any Authorized Traders) of any Participant.

“Trading Hours” means, for any Business Day, the hours as may be published by the Exchange in a Notice to Participants from time to time.

“Trading Privileges” means the right granted to a Participant to transmit Orders and/or report transactions for certain or all Contracts through the GreenEx Platform. No Person may exercise Trading Privileges on behalf of a Participant during any suspension of such Participant’s Trading Privileges.

“Transactions” has the meaning attributed to such term in Rule 601(a).

“Write,” “Written” or “Writing” means printing, lithography, photography, and other modes of representing or reproducing words or data in a visible form, including electronic transmissions.

The following rules of construction shall apply to the GreenEx Rules:

- (i) the headings in the GreenEx Rules are for convenience only and do not affect the construction of the GreenEx Rules;
- (ii) all references to time in the GreenEx Rules are to local time in New York, New York, except where expressly provided otherwise;
- (iii) in the GreenEx Rules, words denoting a singular number include the plural number where the context permits and vice versa;
- (iv) where the context permits or requires, any pronoun shall include the corresponding masculine, feminine and neuter forms;
- (v) references in the GreenEx Rules to statutory provisions include those provisions as amended, and any rules or regulations promulgated thereunder.

## CHAPTER 2 EXCHANGE GOVERNANCE

### **RULE 201. Board**

(a) The Board shall manage the business and affairs of the Exchange in accordance with the Operating Agreement. At all times, at least 35% of the Directors shall be Public Directors. The Board has the power and authority to call for review, and to affirm, modify, suspend or overrule, any and all decisions and actions of standing committees or special committees of the Board or any panel of the Officers.

(b) The Board may act only by the decision of an absolute majority in number of the Directors by vote at a meeting, by unanimous written consent without a meeting, or as otherwise set forth in the Operating Agreement.

(c) Each Director (including Public Directors) shall be appointed in accordance with the Operating Agreement, and shall serve until his or her successor is duly appointed, or until his or her earlier resignation or removal, with or without cause.

(d) Each Director and Officer is entitled to indemnification pursuant to the Operating Agreement with respect to matters relating to the Exchange or otherwise relating to GreenEx Holdings.

(e) To qualify as a Public Director, an individual must be found, by action of the Board, to have no material relationship with the Exchange. A “material relationship” is one that reasonably could affect the independent judgment or decision making of the Director. A Director shall be considered to have a material relationship with the Exchange if any of the following circumstances exist or have existed within the past year:

(i) The Director is an officer or employee of the Exchange or an officer or employee of its affiliate. In this context, “affiliate” includes parents or subsidiaries of the contract market or entities that share a common parent with the contract market;

(ii) The Director is a member of the Exchange, or an officer or director of a member. “Member” is defined according to Section 1a(24) of the CEA and CFTC Regulation § 1.3(q);

(iii) The Director, or a firm with which the Director is an officer, director, or partner, receives more than \$100,000 in combined annual payments from the Exchange, or any affiliate of the Exchange (as defined in clause (i) above), for legal, accounting, or consulting services. Compensation for services as a director of the Exchange or as a director of an affiliate of the Exchange does not count toward the \$100,000 payment limit, nor does deferred compensation for services prior to becoming a director, so long as such compensation is in no way contingent, conditioned, or revocable;

(iv) Any of the relationships above apply to a member of the Director’s “immediate family,” i.e., spouse, parents, children and siblings.

## **RULE 202. Officers**

The Board shall appoint a Chief Executive Officer, a Chief Regulatory Officer, one or more vice presidents, a secretary, a treasurer, and such other officers of the Exchange (all of the foregoing, collectively, the “Officers”) as it may deem necessary or appropriate from time to time, in accordance with the Operating Agreement. Any Officer may also be a director, officer, partner or employee of the Exchange or any of its Affiliates. The Officers shall have such powers and duties in the management of the Exchange as the Board may prescribe from time to time in accordance with the Operating Agreement. Each Director and Officer is entitled to indemnification pursuant to the Operating Agreement with respect to matters relating to the Exchange or otherwise relating to GreenEx Holdings.

## **RULE 203. Qualifications of Directors and Officers**

(a) A Director or Officer must meet the qualifications set forth from time to time in the Operating Agreement.

(b) An individual may not serve as a Director or an Officer, or serve on a committee established by the Board, a Disciplinary Panel or an Appeal Panel, or hold a ten percent or more ownership interest in the Exchange, if the individual:

(i) within the prior three (3) years has been found, by a final decision in any action or proceeding brought in a court of competent jurisdiction, the CFTC, or any Self-Regulatory Organization, to have committed a disciplinary offense;

(ii) within the prior three (3) years has entered into a settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged, included a disciplinary offense;

(iii) is currently suspended from trading on a Contract Market, is suspended or expelled from membership in a Self-Regulatory Organization, is serving any sentence or probation, or owes any portion of a fine or penalty related to either:

(A) a finding of a disciplinary offense by a final decision in any action or proceeding brought in a court of competent jurisdiction, the CFTC, or any Self-Regulatory Organization; or

(B) a settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense;

(iv) is currently subject to an agreement with the CFTC or Self-Regulatory Organization not to apply for registration with the CFTC or for membership in the Self-Regulatory Organization;

(v) is currently, or within the past three (3) years has been, subject to a revocation or suspension of registration by the CFTC;

(vi) has been convicted of a felony listed in section 8a(2)(D)(ii) through (iv) of the CEA; or

(vii) is currently subject to a denial, suspension or disqualification from serving on a disciplinary committee, arbitration panel or governing board of any Self-Regulatory Organization.

(c) Any Director, Officer, member of a committee established by the Board, any member of a Disciplinary Panel, or Appeal Panel, any individual nominated to serve in any such role, or any individual authorized by the Regulatory Oversight Department to take summary action shall immediately notify the Chief Executive Officer if such individual meets one or more of the criteria in Rule 202(b).

(d) For purposes of Rule 202(b), the terms “disciplinary offense,” “final decision,” and “settlement agreement” have the meanings set forth in CFTC Regulation § 1.63(a).

#### **RULE 204. Standing Committees**

(a) The Board shall initially have two standing committees: the “Exchange Practices Committee” and the “Regulatory Oversight Committee”. The Board may from time to time constitute and appoint in accordance with the Operating Agreement, such additional standing committees of the Board as it may from time to time deem necessary or advisable.

(b) Each member of such standing committees must be a Director, one of whom the Board shall designate as the chairperson of each standing committee.

(c) Each standing committee shall assist in the supervision, management and control of the affairs of the Exchange within its particular area of responsibility, subject to the authority of the Board.

(d) Subject to the authority of the Board, each standing committee shall determine the manner and form in which its proceedings shall be conducted. Each standing committee may act only by the decision of an absolute majority in number of the members of such committee, by vote at a meeting or by unanimous written consent without a meeting. The Board has the authority to overrule the decisions of a standing committee.

#### **RULE 205. Exchange Practices Committee**

The Exchange Practices Committee of the Board shall consist of five Directors appointed from time to time by the Board, two of which shall be Public Directors. The Exchange Practices Committee shall be responsible for (i) establishing and modifying from time to time Contract specifications and trading protocols and conventions for the Exchange, (ii) establishing and modifying position limits, (iii) designating and modifying from time to time products eligible for listing on the Exchange and (iv) establishing and modifying from time to time criteria for Persons who may have Trading Privileges on the Exchange. In addition, the Exchange Practices Committee shall have such other powers and perform such other duties as set forth in the GreenEx Rules and as the Board may delegate to it from time to time. The Regulatory Oversight



Committee shall be consulted and have an opportunity to state its views in respect of any action of the Exchange Practices Committee.

**RULE 206. Regulatory Oversight Committee**

The Regulatory Oversight Committee of the Board shall consist of three Public Directors appointed from time to time by the Board. Each member of the Regulatory Oversight Committee shall serve for a term of two calendar years from the date of their appointment or for the remainder of their term as a Public Director, and until the due appointment of his or her successor, or until his or her earlier resignation or removal, with or without cause, as a member of the Regulatory Oversight Committee or as a Director. A member of the Regulatory Oversight Committee may serve for multiple terms.

The Regulatory Oversight Committee shall oversee the Exchange's regulatory program on behalf of the Board. It shall make such recommendations to the Board as will, in its judgment, best promote the interests of the Exchange. The Regulatory Oversight Committee shall also have such other powers and perform such other duties as set forth in the GreenEx Rules and as the Board may delegate to it from time to time.

Without limiting the generality of the foregoing, the Regulatory Oversight Committee shall have authority to: (i) monitor the Exchange's regulatory program for sufficiency, effectiveness and independence, (ii) oversee all facets of the Exchange's regulatory program, including trade practice and market surveillance; audits, examinations, and other regulatory responsibilities with respect to Participants and their Supervised Persons (including ensuring compliance with any financial integrity, financial reporting, sales practice, recordkeeping, and other requirements), the conduct of investigations and review of disciplinary actions, (iii) review the size and allocation of the regulatory budget and resources; and the number, hiring and termination, and compensation of regulatory personnel, (iv) supervise the Chief Regulatory Officer, (v) prepare an annual report assessing the Exchange's self-regulatory program for the Board and the CFTC, which sets forth the regulatory program's expenses, describes its staffing and structure, catalogues disciplinary actions taken during the year, and reviews the performance of disciplinary committees and panels, (vi) recommend changes that would ensure fair, vigorous, and effective regulation, (vii) review regulatory proposals, as well as any proposals or actions of the Exchange Practices Committee, and advise the Board as to whether and how such proposals or actions changes may impact regulation, (viii) review the performance of the Regulatory Services Provider under the Regulatory Services Agreement, and (ix) exercise any other functions expressly assigned to it in the GreenEx Rules.

**RULE 207. Additional Board Committees and Exchange Panels**

(a) In addition to the standing committees, the Board may from time to time constitute and appoint, in accordance with the Operating Agreement, special committees of the Board and designate their composition, responsibilities and powers. Each member of such special committees must be a Director and if the Board Committee is an executive committee, at least 35% of the members shall be Public Directors.

(b) The Exchange may create panels of the Exchange, for such purposes as may from time to time be necessary or advisable. Members of each such panel may be Directors, Participants (if individuals) or any of a Participants Supervised Persons (if an entity) or such other individuals as may be qualified to serve on such panel.

(c) Except as otherwise specifically provided in the GreenEx Rules, the members of any additional committee or panel shall be appointed in accordance with the Operating Agreement. The Board shall designate the chairperson of such additional committee or panel.

(d) Each additional committee or panel shall assist in the supervision, management and control of the affairs of the Exchange within its particular area of responsibility.

(e) Subject to the authority of the Board, each additional committee or panel shall determine the manner and form in which its proceedings shall be conducted. Each additional committee or panel may act only by the decision of an absolute majority in number of the members of additional committee or panel, either by vote at a meeting or by unanimous written consent without a meeting.

#### **RULE 208. Conflicts of Interest and Misuse of Material, Non-Public Information**

(a) A Director, Officer, panel member or other Person authorized to exercise the Exchange's authority concerning any inquiry, investigation, disciplinary proceeding or any appeal from a disciplinary proceeding, summary suspension, or other summary actions (any such action, an "Exchange Proceeding" and, collectively, "Exchange Proceedings"), or Emergency actions taken pursuant to Rule 210 (each such Exchange Proceeding or Emergency action, a "Self-Regulatory Action") who knowingly has a "material conflict of interest" between his or her position as a Director, Officer, panel member or exercise of authority concerning any Self-Regulatory Action and his or her personal interests (each, an "Interested Person") may not participate in any deliberations or vote of the Board Committee, panel or exercise any authority in any Self-Regulatory Action involving his or her personal interest, except as described in Rule 208(d).

(b) For purposes of Rule 208(a), a "material conflict of interest" includes a Director's, Officer's, or other Person's:

(i) being named as a respondent or potential respondent in a Self-Regulatory Action;

(ii) being an employer, employee, fellow employee or an Affiliate of a respondent or potential respondent in a Self-Regulatory Action;

(iii) having any significant, ongoing business relationship with a respondent or potential respondent in a Self-Regulatory Action;

(iv) having a family relationship with a respondent or potential respondent in a Self-Regulatory Action (including the individual's spouse, co-habitator, former spouse, parent, step-parent, child, step-child, sibling, step-brother, step-sister, grandparent,

grandchild, uncle, aunt, nephew, niece, father-in-law, mother-in-law, brother-in-law or sister-in-law); and/or

(v) having a direct and substantial financial interest in the result of the deliberations or vote based upon either exchange or non-exchange positions (as referenced in CFTC Regulation § 1.69), other than a direct or indirect equity or other interest in GreenEx Holdings, CME or CME Group, that could reasonably be expected to be affected by the action. A direct and substantial financial interest includes positions held in Contracts in the accounts of, controlled by, or affiliated with the Interested Person or any other types of direct and substantial financial positions of the Interested Person that are reasonably expected to be affected by the deliberations or vote.

(c) Before considering any Self-Regulatory Action, an Interested Person must disclose in writing to the Board the material facts concerning his or her relationship or interest in the matter.

(d) Any Interested Person who would be required otherwise to abstain from deliberations and voting pursuant to Rule 208(a) as a result of having a direct and substantial financial interest in the result of the deliberations and vote may participate in deliberations, prior to a vote on the matter, if:

(i) the material facts about the Interested Person's financial interest in the matter are disclosed or known to the Board;

(ii) the Board determines that the participation by the Interested Person would be consistent with the public interest; and

(iii) a majority of the Directors (excluding any Interested Persons) vote to allow the Interested Person to participate in deliberations on the matter.

(e) If a determination is made pursuant to Rule 208(d) that an Interested Person may participate in deliberations prior to a vote, then the minutes of the meeting of the Board or committee thereof will reflect the determination and the reasons for the determination.

(f) If a determination is made pursuant to Rule 208(a) that all Directors are Interested Persons with respect to a matter subject to a vote by the Board, the Chief Executive Officer will appoint a panel of individuals who are not Interested Persons with respect to such matter, which will have the same authority and powers over such matter that the Board would have if the Directors were not Interested Persons with respect to such matter.

(g) No Director, Officer or member of any committee or panel established by the Board shall use or disclose for any purpose other than the performance of his or her official duties and responsibilities as a Director, Officer or committee or panel member any material, non-public information obtained as a result of the individual's duties and responsibilities as a Director, Officer or committee or panel member. No Director, Officer or committee or panel member shall, directly or indirectly, disclose or use at any time, either during his or her association with the Exchange or thereafter, any confidential information of which the Board member or committee or panel member becomes aware. Each Director, Officer or committee

or panel member in possession of confidential information shall take all appropriate steps to safeguard the information and to protect it against disclosure, misuse, espionage, loss and theft.

(h) Notwithstanding Rule 208(g), a Director, Officer or committee or panel member may disclose confidential information if required by law or a court order to be revealed to the United States Department of Justice or the CFTC.

(i) For the purposes of Rule 208(g), the terms “material information” and “non-public information” shall each have the meaning set forth in CFTC Regulation § 1.59(a).

#### **RULE 209. Chief Regulatory Officer**

It shall be the duty of the Chief Regulatory Officer to enforce GreenEx Rules. The Chief Regulatory Officer shall have available to it at all times the resources of the Regulatory Oversight Department and such other Exchange resources as may be necessary to conduct investigations of alleged rule violations and market conditions. The Chief Regulatory Officer shall report to, and shall be supervised by, the Regulatory Oversight Committee. The Chief Regulatory Officer shall have the authority to inspect the books and records of all Participants and the authority to require any Participant to appear before him or her and produce its books and records and answer questions regarding alleged violations of GreenEx Rules, at the time, place and in the manner it designates. The Chief Regulatory Officer may also delegate such authority to staff of the Regulatory Oversight Department or the Regulatory Services Provider.

#### **RULE 210. Emergency Rules**

(a) During an Emergency, the Board may implement temporary emergency procedures and rules (“Emergency Rules”), subject to the applicable provisions of the CEA and CFTC Regulations. Emergency Rules may require or authorize the Exchange, the Board, any committee of the Board, the Chief Executive Officer, or any other Officer to take actions necessary or appropriate to respond to the Emergency, including, but not limited to, the following actions:

- (i) suspending or curtailing trading or limiting trading to liquidation only (in whole or in part);
- (ii) extending or shortening the last trading date for Contracts;
- (iii) providing alternative settlement mechanisms;
- (iv) ordering the liquidation of Contracts, the fixing of a settlement price, or the reduction of positions;
- (v) extending, limiting or changing the Trading Hours;
- (vi) temporarily modifying or suspending any provision of the GreenEx Rules or Obligations;

(vii) changing the amount of money to be paid in connection with a Contract, whether previously or thereafter delivered;

(viii) requiring Participants to meet special margin requirements;

(ix) imposing or modifying price limits; and/or

(x) imposing or modifying position limits.

(b) Before any Emergency Rule may be adopted and enforced, a required vote of the Board must approve the enforcement of such Emergency Rule at a duly convened meeting. Directors may attend such a meeting by teleconference. If the Chief Executive Officer determines that Emergency Rules must be implemented with respect to an Emergency before a meeting of the Board can reasonably be convened, then the Chief Executive Officer shall have the authority, without Board action, to implement any Emergency Rules with respect to such Emergency that he or she deems necessary or appropriate to respond to such Emergency.

(c) Whenever the Exchange, the Board, any committee of the Board, or the Chief Executive Officer takes actions necessary or appropriate to respond to an Emergency (including, without limitation, the actions set forth in paragraph (a) above), a duly authorized representative of the Exchange, where possible, will ensure that an announcement is posted in a Notice to Participants. When the Board, any committee of the Board or the Chief Executive Officer determines that the Emergency has been reduced sufficiently to allow the Exchange to resume normal functioning, any such actions responding to an Emergency will be terminated.

(d) The Exchange will use reasonable efforts to notify the CFTC prior to implementing, modifying or terminating an Emergency Rule. If such prior notification is not possible or practicable, the Exchange will notify the CFTC as soon as possible or reasonably practicable, but in all circumstances within twelve (12) hours of the implementation, modification or termination of such Emergency Rule.

(e) Upon taking any action in response to an Emergency, the Exchange will comprehensively document the decision-making process related to such action. Such documentation will be kept for at least five years following the date on which the Emergency ceases to exist or to affect the Exchange, and all such documentation will be provided to the CFTC upon request.

#### **RULE 211. Maintenance of Books and Records by the Exchange**

The Exchange shall keep, or cause to be kept, complete and accurate books and records of accounts of the Exchange, including, without limitation, all books and records required to be maintained pursuant to the CEA, CFTC Regulations and the Delaware Limited Liability Company Act, and any successor statute, as amended. The Exchange shall retain all such books and records for at least five (5) years, and shall make such books and records readily accessible for inspection by the CFTC and the United States Department of Justice during the first two (2) years of such five-year period.

## **RULE 212. Information-Sharing Agreements**

(a) The Exchange may enter into information-sharing agreements or other arrangements or procedures to coordinate surveillance with other markets on which contracts or financial instruments related to the Contracts trade. As part of any information-sharing agreements or other arrangements or procedures adopted pursuant to this Rule, the Exchange may, in part:

- (i) provide market surveillance reports to other markets;
- (ii) share information and documents concerning current and former Participants with other markets;
- (iii) share information and documents concerning ongoing and completed investigations with other markets; and/or
- (iv) require its current or former Participants to provide information and documents to the Exchange at the request of other markets with which the Exchange has an information-sharing agreement or other arrangements or procedures.

(b) The Exchange may enter into any arrangement with any Person or body (including, without limitation, the CFTC, the NFA, any Self-Regulatory Organization, any exchange, market, or clearing organization, or foreign regulatory authority) if the Exchange (i) believes that such entity exercises a legal or regulatory function under any law or regulation, or a function comprising or associated with the enforcement of a legal or regulatory function, or (ii) considers such arrangement to be in furtherance of the Exchange's purpose or duties under Applicable Law. The Exchange may disclose to any Person or entity information concerning or associated with a Participant or other Person that the Exchange believes is necessary and appropriate in exercising a legal or regulatory function (including, without limitation, information concerning any aspect of any Exchange Activity or business concerning the Exchange), whether or not a formal arrangement governing the disclosure exists or a request for information was made.

## **RULE 213. Regulatory Services Agreement with the Regulatory Services Provider**

The Exchange has contracted with the Regulatory Services Provider to provide certain regulatory services to the Exchange pursuant to a Regulatory Services Agreement. In accordance with the Regulatory Services Agreement, the Regulatory Services Provider may perform certain surveillance, investigative, and regulatory functions under the GreenEx Rules and the Exchange may provide information to the Regulatory Services Provider in connection with the performance by the Regulatory Services Provider of those functions. The Exchange shall retain ultimate decision-making authority with respect to any functions that are contracted to the Regulatory Services Provider.

## **CHAPTER 3 PARTICIPANTS**

### **RULE 301. Criteria for Becoming a Participant**

(a) To be eligible for admission as a Participant, an applicant must demonstrate to the satisfaction of the Exchange that it:

- (i) is of good reputation and business integrity;
  - (ii) maintains adequate financial resources and credit;
  - (iii) is of the age of majority in the individual's state of residence (if an individual);
  - (iv) is validly organized, in good standing, and authorized by its governing body and, if relevant, documents of organization, to trade Contracts (if an entity);
  - (v) has not filed for bankruptcy;
  - (vi) is not an Exchange Official or agent of the Exchange;
  - (vii) is not prohibited from using the services of the Exchange for any reason whatsoever;
  - (viii) holds all registrations required under Applicable Law, if any;
  - (ix) is not subject to statutory disqualification under Section 8a(2) of the CEA;
- and
- (x) satisfies any other criteria that the Exchange may require from a Participant.

(b) Once admitted, the Participant shall continue to comply with all applicable eligibility criteria in Rule 301(a)

(c) Each Participant that is also a Clearing Member must meet the applicable criteria set forth in the Clearing House Rules, as determined by the Clearing House in its sole discretion.

### **RULE 302. Participant Application Process**

(a) Any Person who desires to become a Participant shall (i) submit a complete Exchange application form; (ii) agree in writing to abide by the Rules of GreenEx and Applicable Law; and (iii) provide such information and documentation as may be requested by the Exchange, and follow the procedures established by the Exchange. Additionally, any Participant organized or located outside of the United States shall enter into a written agreement acceptable to the Exchange appointing a third party as its U.S. agent for service of

process for purposes of CFTC Regulation 15.05, and shall provide the Exchange with a copy of the agreement.

(b) In considering an application from a potential Participant, the Exchange may require additional information from the applicant, or conduct an investigation to verify information submitted by the applicant, or both.

(c) If the Exchange decides to admit an applicant as a Participant, it shall promptly notify the applicant and state in such notice the date on which the applicant shall become a Participant.

(d) The Exchange may deny, condition or terminate Participant status of any Person if: (i) such Person is unable to satisfactorily demonstrate its ability to satisfy the eligibility criteria to become or remain a Participant; (ii) such Person is unable to satisfactorily demonstrate its capacity to adhere to all applicable GreenEx Rules; (iii) such Person would bring the Exchange into disrepute as determined by the Exchange in its sole discretion; or (iv) for such other cause as the Exchange may reasonably determine.

(e) If the Exchange decides to decline or condition an application for admission as a Participant, or terminate a Person's status as a Participant, the Exchange shall promptly notify such Person (the "Affected Person") thereof in a writing sent to the address provided by the applicant in the Exchange application form or maintained in the Exchange registry of Participants. Such Affected Person may, within seven (7) calendar days, request in writing that the Exchange provide the reasons for the denial, conditioning or termination of Participant status. Within fourteen (14) calendar days after receiving such written request, the Exchange shall send in writing to the Affected Person the reasons for the denial, conditioning or termination. Within fourteen (14) calendar days of receiving the Exchange's written response, the Affected Person may request in writing that the Exchange reconsider its determination, and may provide any relevant representations or other information that such Affected Person believes to be relevant to the reconsideration.

(f) Within twenty-eight (28) calendar days of receiving either the request for reconsideration or such representations or information from the Affected Person (or a statement from the Affected Person that no such representation or information is to be made or supplied), the Exchange Practices Committee shall either confirm, reverse or modify the denial, conditioning or termination of the Affected Person as a Participant, and shall promptly notify the Affected Person accordingly in writing. The Exchange Practices Committee may, within its discretion, schedule a hearing (in-person or by teleconference) or establish any other process that it believes is necessary and appropriate to consider the request for reconsideration. The Exchange Practices Committee's decision is the final action of the Exchange and is not subject to appeal within the Exchange.

### **RULE 303. Trading Privileges of a Participant**

(a) Upon Admission as a Participant, the Participant must execute such Participant Documentation as required from time to time by the Exchange, and such Participant Documentation must remain in effect for the Participant to access the GreenEx Platform.



Pursuant to such Participant Documentation the financial performance of all Orders and Contracts submitted and/or executed by a Participant on the Exchange must be guaranteed by a Clearing Member.

(b) Admission as a Participant only entitles the Participant to the Trading Privileges and does not confer any right of ownership in, or right to attend or vote at meetings of, the Exchange, or right to share in the profits, of the Exchange. A Participant may not transfer or assign its status as a Participant without the prior written consent of the Exchange, and any purported transfer or assignment without the Exchange's prior consent is not binding on the Exchange.

#### **RULE 304. Limitations of Trading Privileges**

(a) The Exchange may at any time revoke, suspend, limit, condition, restrict or qualify the Trading Privileges of any Participant if, in the sole discretion of the Exchange, such action is in the best interest of the Exchange.

(b) A Clearing Member may at any time revoke the authorization of any Participant guaranteed by it pursuant to Rule 303(a), with or without prior notice to such Participant. For purposes of the relationship between the relevant Clearing Member and the Exchange, and the obligations of such Clearing Member to the Exchange, any such revocation shall become effective upon the receipt of written notice thereof by the Exchange. Upon such receipt, the Trading Privileges of the Participant subject thereto shall be automatically terminated, and such Participant must obtain another guarantee from a Clearing Member pursuant to Rule 303(a) before its Trading Privileges will be reinstated.

#### **RULE 305. Dues, Assessments and Fees**

The Board shall have the sole authority to set the times and amounts of any dues, assessments or fees (including Globex System fees, brokerage and/or any transaction surcharges) to be paid by Participants, which dues, assessments or fees shall be paid to the Exchange when due. If a Participant fails to pay when due any such dues, assessments or fees levied on such Participant, and such payment obligation remains unsatisfied for thirty days after its due date, the Exchange may suspend, revoke, limit, condition, restrict or qualify the Trading Privileges of such Participant as it deems necessary or appropriate.

#### **RULE 306. Authorized Traders**

(a) Each Participant who is not a natural Person shall designate one or more Authorized Traders, who will be responsible for all Exchange Activity conducted on behalf of the Participant. An Authorized Trader may also be a Participant in his or her individual capacity, but may not knowingly act as a counterparty in any capacity to any Order that he or she has placed as an Authorized Trader on behalf of another Participant or in his or her individual capacity.

(b) By agreeing to become an Authorized Trader, an individual agrees to be bound by the duties and responsibilities of an Authorized Trader and to be subject to, and comply with,

the GreenEx Rules and Obligations. Among other duties and responsibilities that the Exchange may impose, an Authorized Trader must:

(i) have the authority, at the Exchange's request, to adjust or withdraw any Order submitted under any user ID assigned to him or her; and

(ii) ensure that any Exchange Activity conducted under any user ID assigned to him or her complies with all GreenEx Rules and Obligations.

(c) To nominate an Authorized Trader, a Participant must follow the procedures established by the Exchange. The Exchange may establish criteria that individuals must fulfill to become an Authorized Trader. The Exchange will not accept the registration as an Authorized Trader of any individual who is an Exchange Official.

(d) The Exchange will promptly notify a Participant in writing of the approval of nominated Authorized Traders or if the Exchange declines to approve the nomination.

(e) The Exchange will maintain a list of all appointed Authorized Traders for each Participant.

(f) The Exchange may, in its sole discretion revoke or suspend the designation of an Authorized Trader and shall promptly notify the Participant in writing of such action.

(g) To request the termination of the designation of an Authorized Trader, the Participant or the Authorized Trader must notify the Exchange following the procedures established by the Exchange. The Exchange may, in its sole discretion, refuse to accept a request to terminate the registration of an Authorized Trader, or may postpone the effective date of the termination of registration if the Exchange considers it necessary for the protection of Participants or in the Exchange's best interest. Based on the information provided to, and other information gathered by, the Exchange regarding the request to terminate the registration of an Authorized Trader, the Exchange will determine whether to (i) accept the request to terminate the designation, (ii) postpone the effective date of termination of the designation, and/or (iii) impose any terms or conditions before or after the effective date of termination of the designation.

#### **RULE 307. Authorized Representatives**

Each Participant shall designate one or more Authorized Representatives who will represent the Participant before the Exchange and its committees and receive notices on behalf of the Participant. The Authorized Representative shall be empowered by the Participant to act on its behalf and the Exchange shall be entitled to rely on the actions of the Authorized Representative as binding on the Participant. Each Participant must provide the Exchange with current contact and other requested information for each of its Authorized Representatives so that the Exchange is able to immediately contact the Authorized Representatives.

#### **RULE 308. Recording of Communications**

The Exchange may record conversations and retain copies of electronic communications between Exchange Officials, on one hand, and Participants, their Authorized Traders, Supervised Persons or other agents, on the other hand. Any such recordings may be retained by the Exchange or the Regulatory Services Provider in such manner and for such periods of time as the Exchange may deem necessary or appropriate. The Exchange or Regulatory Services Provider will retain such records for the retention records necessary to comply with CFTC Regulation 1.35.

#### **RULE 309. Notices to Participants**

The Exchange shall publish a notice with respect to each addition to, modification of, or clarification of, the GreenEx Rules or of any action to implement any GreenEx Rules, in a form and manner that is reasonably designed to enable each Participant to become aware of and familiar with, and to implement any necessary preparatory measures to be taken by it with respect to, such addition or modification, prior to the effective date thereof (each a “Notice to Participants”). For purposes of publication in accordance with the first sentence of this Rule 309, it shall be sufficient (without limiting the discretion of the Exchange as to any other reasonable means of communication) if a Notice to Participants is published on the Exchange’s website. Any Notice to Participants shall also be deemed to have been made to all Authorized Traders and Supervised Persons.

#### **RULE 310. Communications between the Exchange and Participants**

Each Participant must provide the Exchange with its current electronic mail address and telephone number and the electronic mail address and telephone number of any of its Authorized Traders and immediately (and in any event within 24 hours) update this information whenever it changes. All communications between the Exchange and the Participant will be transmitted by electronic mail and/or posted on the Exchange’s website, except as otherwise specified by the Exchange. The Participant shall be responsible for conveying such communications to Persons to whom the Participant has given its user IDs. Each Participant will be responsible for promptly reviewing and, if necessary, responding to all electronic communications from the Exchange to the Participant or any of its Authorized Traders, its other Supervised Persons or any Person to whom it has given user ID(s) assigned to it by the Exchange. All communications made to Participants shall also be deemed to have been made to all Authorized Traders and Supervised Persons.

#### **RULE 311. Application of Rules and Jurisdiction**

(a) By becoming a Participant and by accessing, or entering any Order or submitting any Contract into GreenEx Platform, and without any need for any further action, undertaking or agreement, a Participant, its Authorized Traders and Supervised Persons agree (i) to be bound by, and comply with, the GreenEx Rules and obligations, the Clearing House Rules and Applicable Law, in each case to the extent applicable to it, (ii) to become subject to the jurisdiction of the Exchange and the Clearing House with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Person, and (iii) agrees to assist the Exchange in complying with its legal and regulatory obligations, cooperate with the Exchange and the CFTC in any inquiry, investigation, audit, examination or

proceeding, and authorizes the Exchange to provide information regarding it to the Regulatory Services Provider, the CFTC or any Self-Regulatory Organization.

(b) Any Participant whose Trading Privileges are revoked or terminated shall remain bound by the GreenEx Rules, the Clearing House Rules and Applicable Law, in each case to the extent applicable to it, and subject to the jurisdiction of the Exchange and the Clearing House with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Participant prior to such revocation or termination.

(c) An Authorized Trader who is suspended for any period remains subject to the GreenEx Rules, the Obligations and the Exchange's jurisdiction throughout the period of suspension. After revocation or termination or revocation of the designation of an Authorized Trader, the Authorized Trader remains subject to the GreenEx Rules, the Obligations and the jurisdiction of the Exchange for acts done and omissions made while registered as an Authorized Trader. Any Exchange Proceeding relating to an Authorized Trader shall occur as if the Authorized Trader were still registered as such.

#### **RULE 312. Description of Participant's Status**

A Participant shall ensure that the form, content and context of any description of the Participant's status on the Exchange is not inconsistent with, and does not misrepresent, the Participant's capacity on the Exchange under the GreenEx Rules or the Participant's registration, if any, under the CEA, or under any other Applicable Law.

#### **RULE 313. Death, Dissolution or Change in Ownership**

(a) All rights and privileges of a Participant terminate upon, and all obligations of a Participant shall survive, the death or incapacity of the Participant (if an individual) or the dissolution of the Participant (if an entity).

(b) If a Participant is an entity and any Person holds, or has a direct or indirect beneficial interest in, the Participant of (i) ten percent (10%) or more of any class of equity or other membership, partnership or similar interest, or (ii) ten percent (10%) or more of any class of equity or other membership, partnership or similar interest in a company that directly or indirectly holds, or has a beneficial interest in, ten percent (10%) or more of any class of equity or other membership, partnership or similar interest of the Participant, then the Participant must notify the Exchange in writing within seven (7) calendar days of learning the identity of the Person or any change in the identity, holdings or interest of the Person.

(c) Once the Exchange receives a notice from a Participant pursuant to Rule 313(b), the Exchange shall determine the continued eligibility of the Participant to continue as a Participant on the Exchange. In connection with the determination of the Participant's continued eligibility, the Exchange may require the or Participant to use the form, provide the information, and follow the procedures established by the Exchange. If, after completing its review, the Exchange determines that the Participant does not continue to satisfy the applicable criteria in Rule 301, the Exchange shall terminate the rights of the Participant.

## **RULE 314. Withdrawal of Participant**

(a) To withdraw from the Exchange, a Participant must notify the Exchange following the procedures established by the Exchange.

(b) The Exchange may, in its reasonable discretion, refuse to accept a Participant's withdrawal request or may postpone the effective date of withdrawal of a Participant if the Exchange considers it necessary for the protection of other Participants or otherwise in the interests of the Exchange.

(c) Based on the information provided to, and other information gathered by, the Exchange regarding a Participant's withdrawal request, the Exchange will determine whether to (i) accept the withdrawal request of the Participant; (ii) postpone the effective date of the Participant's withdrawal; and/or (iii) impose any terms or conditions before or after the effective date of withdrawal of the Participant.

(d) If the Exchange refuses to accept a Participant's withdrawal request or postpones the effective date of withdrawal of a Participant, the Exchange may waive the Participant's obligation to pay some or all of the fees, costs and charges that the Exchange would have imposed during the period after the date on which the Participant's requested withdrawal would have otherwise taken effect.

(e) When the Exchange accepts the withdrawal of a Participant, all rights and privileges of such Participant terminate (including, without limitation, the Trading Privileges). The accepted withdrawal of a Participant shall not affect the rights of the Exchange under the GreenEx Rules or relieve the former Participant of such Participant's obligations under the GreenEx Rules to perform all contracts involving any Contracts entered into, or to pay any Exchange fees, costs, or charges incurred, before the withdrawal. Notwithstanding the accepted withdrawal of a Participant, the withdrawn Participant remains subject to the GreenEx Rules, the Obligations and the jurisdiction of the Exchange for acts done and omissions made while a Participant, and must cooperate in any Exchange Proceeding under Chapter 7 as if the withdrawn Participant were still a Participant.

**CHAPTER 4**  
**OBLIGATIONS OF PARTICIPANTS**

**RULE 401. Duties and Responsibilities of Participants**

Each Participant shall, and shall cause all of its Authorized Traders and Supervised Persons to:

- (a) ensure that the Exchange's facilities are used in a responsible manner and are not used for any improper purpose;
- (b) ensure that only the Exchange's facilities are used to conduct Exchange Activity;
- (c) ensure that all Exchange Activity conducted by the Participant, its Authorized Traders and Supervised Persons is performed in a manner consistent with the GreenEx Rules and their respective Obligations;
- (d) comply with all GreenEx Rules and Obligations and act in a manner consistent with each Rule of the Exchange and Obligation;
- (e) comply with all Clearing House Rules to the extent applicable to it and act in a manner consistent with the Clearing House Rules to the extent applicable;
- (f) comply with all NFA Rules to the extent applicable to it and act in a manner consistent with the NFA Rules to the extent applicable;
- (g) observe high standards of integrity, market conduct, commercial honor, fair dealing, and just and equitable principles of trade while conducting or attempting to conduct any Exchange Activity, or any aspect of any business connected with or concerning the Exchange;
- (h) not knowingly mislead or conceal any material fact or matter in any dealings or filings with the Exchange or in response to any Exchange Proceeding;
- (i) keep the Participant's User IDs, account numbers and passwords confidential;
- (j) be fully liable for all trading losses, Orders and transactions in Contracts effected by Participant;
- (k) be responsible for promptly informing the Exchange of any material changes to the information provided to the Exchange by the Participant pursuant to Rule 301; and
- (l) keep, or cause to be kept, complete and accurate books and records, including, without limitation, all books and records required to be maintained pursuant to the CEA, the CFTC Regulations or the GreenEx Rules, for at least five (5) years, and make such books and records available for inspection by a representative of the Exchange, the CFTC or the United States Department of Justice.

## **RULE 402. Required Disclosures to the Exchange**

Each Participant shall immediately notify the Regulatory Oversight Department upon becoming aware of any of the following events:

- (a) any material change to the contact information provided to the Exchange by the Participant;
- (b) any damage to, or failure or inadequacy of, the systems, facilities or equipment of the Participant to effect transactions pursuant to the GreenEx Rules or to timely perform the Participant's financial obligations under or in connection with Contracts;
- (c) any refusal of admission to, or withdrawal by the Participant of any application for membership in, any Self-Regulatory Organization, Contract Market or Derivatives Clearing Organization;
- (d) any expulsion, suspension or fine in excess of \$5,000 (whether through an adverse determination, voluntary settlement or otherwise) imposed on the Participant by any Self-Regulatory Organization;
- (e) any denial or withdrawal of any application for any registration or license by or from any Governmental Agency, and any revocation, suspension or conditioning of any registration or license granted by any Governmental Agency;
- (f) the commencement of any judicial or administrative proceeding against the Participant or the imposition of any fine, cease and desist order, denial of trading privileges, censure or other sanction or remedy (whether through an adverse determination, voluntary settlement or otherwise) imposed by any Governmental Agency;
- (g) any indictment or conviction of, or any confession of guilt or plea of guilty or *nolo contendere* by, the Participant (or, if the Participant is an entity, by any of its principals or senior officers) for any felony or misdemeanor involving, arising from, or related to, the purchase or sale of any commodity, Futures contract, Option, security, securities futures product or other financial instrument, or involving or arising from fraud or moral turpitude; and
- (h) the Participant's becoming the subject of a petition for bankruptcy;
- (i) the appointment of a receiver, trustee or administrator for the Participant;
- (j) the presentment of a petition, or the passing of a resolution, for the Participant's winding-up;
- (k) the commencement of proceedings for the Participant's dissolution; or
- (l) the occurrence of an event of insolvency with respect to the Participant.

#### **RULE 403. Inspections by the Exchange**

(a) The Exchange (or the Regulatory Services Provider or other authorized representatives), shall have the right, in connection with determining whether all GreenEx Rules and Obligations are being, will be, or have been complied with by the Participant, to:

(i) inspect systems, equipment and software of any kind operated by the Participant in connection with Exchange Activity, wherever located;

(ii) access the systems, equipment, software, and the premises on which the systems, equipment, and software are located, any data stored in any of the systems or equipment, during the regular business hours and the Trading Hours of the Exchange, without prior notice to Participants; and/or

(iii) remove, copy or reproduce any data to which the Exchange has access under this Rule.

(b) Each Participant and Supervised Person shall provide the Regulatory Services Provider with the same access to their books and records and offices as they are required to provide the Exchange under the GreenEx Rules and Applicable Law.

(c) The Regulatory Oversight Department may require a Participant to furnish (periodically or on a particular occasion) information concerning the Participant's Exchange Activity or open trading positions, Contracts to which the Participant is a party, or any other information related to the Participant's Exchange Activity.

#### **RULE 404. Minimum Financial and Related Reporting Requirements**

Each Participant that is registered with any Self-Regulatory Organization shall comply with the provisions of Applicable Law relating to minimum financial and related reporting and recordkeeping requirements. A copy of any notice or written report that a Participant is required to file with the CFTC pursuant to CFTC Regulation §1.12 shall be concurrently provided to the Exchange. A Participant that violates the aforementioned CFTC Regulation shall be deemed to have violated this Rule 404.

#### **RULE 405. Confidentiality of Financial and Other Information**

All information and data obtained or received by the Regulatory Oversight Department from inspections of accounting and other records, quarterly balance sheets and declarations or reports on financial condition will be treated as confidential by the Exchange; however, this Rule does not supplant Rule 208 and the Rules in Chapter 7, or any other requirement of legal process or law.

#### **RULE 406. Authority to Impose Restrictions**

Whenever a Participant is subject to the early warning requirements set forth in CFTC Regulation § 1.12, the Chief Executive Officer, or his or her designee, may impose such conditions or restrictions on the business and operations of such Participant as the Chief



Executive Officer, or his or her designee, may deem necessary or appropriate for the protection of Customers, other Participants or the Exchange.

#### **RULE 407. Customers**

(a) No Participant shall carry an account for a Customer unless the Participant has entered into a written agreement with the Customer containing such terms as may from time to time be prescribed in these Rules.

(b) Without prejudice to the generality of paragraph (a) of this Rule 407, each written agreement with a Customer must: (1) import into every Contract carried for the Customer all the terms of the GreenEx Rules insofar as they are applicable to that Contract; and (2) in relation to any business done with the Customer, enable the Participant to perform all Contracts from time to time cleared with the Clearing House and to comply with all requirements of the Rules and any other arrangements, provisions and directions given by the Exchange.

#### **RULE 408. Treatment of Customer Funds and Securities**

Each Clearing Member or Participant that is required to be registered with any self-regulatory association shall comply with the provisions of Applicable Law relating to the treatment of Customer funds and the maintenance of books and records with respect thereto. Any Clearing Member or Participant that violates any of the aforementioned CFTC Regulations shall be deemed to have violated this Rule 408.

#### **RULE 409. Disclosure Requirements**

Each Participant must comply with all disclosure requirements set forth in applicable CFTC and NFA Rules and Regulations. Each Participant that is a member of GreenEx Holdings and eligible for any equity incentive based on the volume of Contracts transacted, including Contracts transacted through Customer Accounts, must disclose in writing to its Customers that such Participant has a financial interest in the Exchange and may claim a credit against its revenue commitment with respect to orders executed by the Participant for the account of such Customer. Any such disclosure may be combined with a disclosure regarding the existence of financial interests held by the Participant in exchanges other than the Exchange.

#### **RULE 410. Information Regarding Orders**

The Exchange will make information regarding Orders (including prices bid or offered), trades and any other matters it may deem appropriate available to Participants and other Persons at such times and in such manner (whether through the GreenEx Platform, a ticker, financial information services or otherwise) as it may consider necessary or advisable from time to time. Each Participant or other Person receiving any such information through the GreenEx Platform may redistribute such information only to such extent and in such manner as may be permitted by the Exchange from time to time.

## **CHAPTER 5 TRADING PRACTICES AND BUSINESS CONDUCT**

### **RULE 501. Scope**

This Chapter 5 prescribes rules concerning trading practices and business conduct on the GreenEx Platform and applies to all transactions in Contracts, except as otherwise specifically provided in Chapter 6.

### **RULE 502. Procedures**

(a) With respect to trading on or through the GreenEx Platform, the Exchange may adopt, without limitation, procedures relating to transactions in Contracts and trading on the GreenEx Platform, including procedures to:

- (i) determine the Closing Range and Daily Settlement Price of a Contract;
- (ii) disseminate the prices of bids and offers on, and trades in, Contracts;
- (iii) record, and account for, Contracts and Exchange Activity and regulate administrative matters affecting Contracts and Exchange Activity;
- (iv) establish limits on the number and/or size of Orders that may be submitted by a Participant through the GreenEx Platforms;
- (v) establish limits on the number of Contracts that may be held by a Customer or Participant;
- (vi) establish a limit on the maximum daily price fluctuations for any Contract and provide for any related restriction or suspension of trading in the Contract; and
- (vii) require a suspended or expelled Participant, or a Participant with restricted trading rights, to have Contracts executed for the Participant to reduce or eliminate any open position or exposure to future price changes for the Participant in any Contract.

(b) The Exchange may, in its discretion and at any time, amend any procedures adopted pursuant to Rule 502(a), and will publish the amendments in a Notice to Participant or in any other manner determined appropriate by the Exchange.

### **RULE 503. Business Days and Trading Hours**

Except as provided in Rule 210 with respect to Emergencies, the Exchange shall determine and publish a Notice to Participants listing the Business Days of the Exchange and the Trading Hours for each Contract.

### **RULE 504. Rule Violations**

It shall be an offense for a Participant or any of its Authorized Traders or Supervised Persons to violate any GreenEx Rule or Clearing House Rule regulating the conduct or business of a

Participant or its Authorized Traders or Supervised Persons, or any agreement made with the Exchange, or to engage in fraud, dishonorable or dishonest conduct, or in conduct which is inconsistent with just and equitable principles of trade.

**RULE 505. Fraudulent Acts**

No Participant or any of its Authorized Traders or Supervised Persons shall engage in any fraudulent act or engage in any scheme to defraud, deceive, trick or mislead in connection with or related to any Exchange Activity or other activity related to the Clearing House.

**RULE 506. Fictitious, Wash or Non-Competitive Transactions**

No Participant nor any of its Authorized Traders or Supervised Persons shall create fictitious transactions, wash transactions, or non-competitive transactions except, in the case of non-competitive transactions, as otherwise authorized by the GreenEx Rules, or execute any such Order with knowledge of its nature.

**RULE 507. Market Disruption**

Orders entered into the GreenEx Platform for the purpose of upsetting the equilibrium of the market in any Contract or creating a condition in which prices do not or will not reflect fair market values are prohibited, and any Participant or any of its Authorized Traders or Supervised Persons who makes or assists in entering any such Order with knowledge of the purpose thereof or who, with such knowledge, in any way assists in carrying out any plan or scheme for the entering of any such Order, will be deemed to have engaged in an act detrimental to the Exchange.

**RULE 508. Market Manipulation**

Any intentional attempted or completed manipulation of the market in any Contract is prohibited.

**RULE 509. Prohibition of Misstatements**

It shall be an offense to make any knowing misstatement of a material fact to the Exchange, any Exchange Official, or any Board committee or Exchange panel.

**RULE 510. Acts Detrimental to Welfare of Exchange**

It shall be an offense to engage in any act that is detrimental to the interest or welfare of the Exchange.

**RULE 511. Adherence to Law**

No Participant or any of its Authorized Traders or Supervised Persons shall engage in conduct in violation of Applicable Law, the GreenEx Rules or the Clearing House Rules (insofar as the Clearing House Rules relate to the reporting or clearance of any transaction in Contracts).

## **RULE 512. Use of Trading Privileges**

No Participant or any of its Authorized Traders or Supervised Persons may use its Trading Privileges or access the Exchange in any way that could be expected to bring disrepute upon such Participant, any of its Authorized Traders or Supervised Persons, or the Exchange.

## **RULE 513. Supervision**

A Participant shall be responsible for establishing, maintaining and administering reasonable supervisory procedures to ensure that its Authorized Traders and Supervised Persons, if any, comply with Applicable Law, the GreenEx Rules and the Clearing House Rules, and such Participant may be held accountable for the actions of such Authorized Traders or Supervised Persons.

## **RULE 514. Orders of Other Clearing Members**

No Clearing Member shall accept or submit any Order for or on behalf of another Clearing Member, without the prior written consent, filed with the Exchange, of such other Clearing Member. If such Order results in a transaction, the Clearing Member accepting the Order must send promptly a duplicate confirmation of the transaction to the Clearing Member from whom the prior written consent is required pursuant to this Rule 514.

## **RULE 515. Misuse of the GreenEx Platform**

Misuse of the GreenEx Platforms is strictly prohibited. It shall be deemed an act detrimental to the interest and welfare of the Exchange to willfully or negligently engage in unauthorized use of the GreenEx Platforms, to assist any Person in obtaining unauthorized access to the GreenEx Platforms, to trade on the GreenEx Platforms without an agreement and an established account with a Clearing Member, to alter the equipment associated with the GreenEx Platform, to interfere with the operation of the GreenEx Platform, to intercept or interfere with information provided thereby, or in any way to use the GreenEx Platform in a manner contrary to the GreenEx Rules.

## **RULE 516. Errors and Omissions in Handling Orders**

(a) An Authorized Trader who inadvertently, through error or omission, fails to execute an Order at the time it should have been executed may, upon discovery of such error or omission, execute such Order at the best obtainable price. Such Order shall be competitively executed and should be executed in the next available Exchange trading session for the applicable listed Contract but in any event must be executed no later than the close of the next electronic trading session and shall be reported to the Customer at the price at which actually executed. If such price is to the advantage of the Customer, the Customer shall receive the benefit thereof; if not, the Customer shall receive such monetary adjustment as will afford the Customer the equivalent of the price at which such Order should and could have been executed. Any Participant receiving such report and adjustment with respect to an Order of a Customer shall report to such Customer the execution at the price reported to such Participant and make the same monetary adjustment for the account of such Customer. Full details of all transactions

consummated hereunder shall be promptly provided to the Regulatory Oversight Department upon request.

(b) This Rule 516 shall not be construed to contravene any instructions received from a Customer respecting any Order prior to its execution, but shall be construed to permit execution of Orders under the conditions prescribed without prior instructions from the Customer.

**RULE 517. Incentive Programs.**

The Exchange may from time to time establish programs that provide qualifying Participants with financial incentives for meeting trading volume or liquidity thresholds as may be established by the Exchange.

**RULE 518. Funds in Trading Accounts Carried by Clearing Members**

If a Participant trades in excess of written limits prescribed by its Clearing Member without sufficient funds in his account to margin the position, or if the Participant is alleged to have engaged in reckless and unbusinesslike dealing inconsistent with just and equitable principles of trade, and such trades are profitable, the disposition of any and all funds in the applicable trading account(s) may be suspended by the carrying Clearing Member. The claim of a carrying Clearing Member to such profits shall be submitted to arbitration pursuant to the provisions of Chapter 8. The Participant may request a hearing to be held as soon as practicable before a Chairman of the Arbitration Committee to determine the amount of any profits that should remain subject to a continued suspension pending an arbitration hearing on the full merits of the claim.

**RULE 519. Withholding Orders Prohibited**

Any Person entering Orders on the Globex platform shall not withhold or withdraw from the market any Order, or any part of an Order, for the benefit of any Person other than the Person placing the Order.

**RULE 520. Priority of Customers' Orders**

No Person shall enter an Order into the Globex platform for his own account, an account in which he has a direct or indirect financial interest or an account over which he has discretionary trading authority, including, without limitation, an Order allowing discretion as to time and price, when such Person is in possession of any Order for another Person that the Globex platform is capable of accepting.

**RULE 521. Trading Against Customers' Orders Prohibited**

**521.A. General Prohibition**

No Person in possession of a Customer Order shall knowingly take, directly or indirectly, the opposite side of such Order for its own account, an account in which it has a direct or indirect financial interest, or an account over which it has discretionary trading authority.

## **521.B. Exceptions**

The foregoing restriction shall not apply to the following:

1. Transactions executed pursuant to Rules 602 or 603;
2. On the Globex platform, a Person may knowingly trade against its Customer Order for its own account, an account in which it has a direct or indirect financial interest, an account over which it has discretionary trading authority, or a Proprietary Account of its employer, only if the Customer Order has been entered immediately upon receipt and has first been exposed on the Globex platform for a minimum of 5 seconds in the case of Futures Orders or for a minimum of 15 seconds in the case of Options Orders.
3. Transactions where the Customer has consented in writing no more than 12 months prior to the transaction to waive the application of Rule 521.A. The Participant must clearly identify, by appropriate descriptive words, all such transactions.

### **RULE 522. Disclosing Orders Prohibited**

No Person shall disclose another Person's Order to buy or sell except to a designated Exchange Official or the CFTC, and no Person shall solicit or induce another Person to disclose Order information. No Person shall take action or direct another to take action based on non-public Order information, however acquired. The mere statement of opinions or indications of the price at which a market may open or resume trading does not constitute a violation of this rule.

### **RULE 523. Simultaneous Buy And Sell Orders For Different Beneficial Owners**

On the Globex platform, opposite Orders for different beneficial owners that are simultaneously placed by a party with discretion over both accounts may be entered into the Globex platform, provided that one Order is exposed for a minimum of 5 seconds in the case of Futures Orders or a minimum of 15 seconds in the case of Options Orders. An Order allowing for price and/or time discretion, if not entered immediately upon receipt, may be knowingly entered opposite another Order entered by the same firm only if this other Order has been entered immediately upon receipt and has been exposed on the Globex platform for a minimum of 5 seconds for Futures Orders or a minimum of 15 seconds for Options Orders.

### **RULE 524. Wash Sales Prohibited**

No Person shall place or accept buy and sell Orders in the same product and expiration month, and, for a put or call Option, the same strike price, where the person knows or reasonably should know that the purpose of the orders is to avoid taking a bona fide market position exposed to market risk (transactions commonly known or referred to as wash sales). Buy and sell Orders for different accounts with common beneficial ownership that are entered with the intent to negate market risk or price competition shall also be deemed to violate the prohibition on wash trades. Additionally, no Person shall knowingly execute or accommodate the execution of such Orders by direct or indirect means.

## **RULE 525. Recordkeeping Requirements for Globex**

### **525.A. Globex Order Entry**

#### **1. General Requirement**

Each Authorized Trader entering Orders into Globex shall input for each Order: a) the user ID assigned him by the Exchange, a Clearing Member or other authorized entity and b) the price, quantity, product, expiration month, CTI code and account number (except as provided in Section B.), and, for Options, put or call and strike price. The Authorized Trader's user ID must be present on each Order entered. For an Authorized Trader with access pursuant to Rule 537, Clearing Members authorizing such access will be responsible for the Authorized Trader's compliance with this rule.

With respect to Orders received by an Authorized Trader which are capable of being immediately entered into Globex, no record other than that set forth above need be made. However, if an Authorized Trader receives an Order which cannot be immediately entered into Globex, the Authorized Trader must prepare a written Order and include the account designation, date, an electronic timestamp reflecting the time of receipt and other information required pursuant to section A.1. above. The Order must be entered into Globex when it becomes executable.

#### **2. Electronic Audit Trail Requirements for Electronic Order Routing/Front-End Systems**

Clearing Members guaranteeing a connection to Globex are responsible for maintaining or causing to be maintained the Order routing/front-end audit trail for all electronic Orders, including Order entry, modification, cancellation and responses to such messages (referred to as the "Electronic Audit Trail"), entered into the Globex platform through the CME iLink® gateway. This electronic audit trail must be maintained for a minimum of 5 years, and Clearing Members must have the ability to produce this data in a standard format upon request of the Regulatory Oversight Department.

This Electronic Audit Trail must contain all Order receipt, Order entry, Order modification, and response receipt times to the highest level of precision achievable by the operating system, but at least to the hundredth of a second. The times captured must not be able to be modified by the Person entering the Order. The data must also contain all Fix Tag information and fields which should include, but is not limited to the following: A record of all fields relating to Order entry, including transaction date, product, Exchange code, expiration month, quantity, Order type, Order qualifier, price, buy/sell indicator, stop/trigger price, Order number, unique transaction number, account number, session ID, Tag 50 ID, host Order number, trader Order number, Clearing Member, type of action, action status code, customer type indicator, origin, and timestamps. For executed Orders the audit trail must record the execution time of the trade along with all fill information.

In the case where the guaranteeing Clearing Member has a direct connect Customer that is another Clearing Member, the Clearing Member may notify the Customer Clearing Member that it is their obligation to maintain the Electronic Audit Trail. Upon execution of this written

notice, it shall be the duty of the Customer Clearing Member to maintain an Electronic Audit Trail pursuant to this rule.

#### **525.B. Bunched Orders and Orders Eligible for Post Execution Allocation**

Bunched Orders must be allocated and recorded in accordance with CFTC Regulation 1.35(a-1)(5) and the NFA's Interpretative Notice related to Compliance Rule 2-10.

With respect to bunched Globex Orders, such Orders may be entered using a series designation or suspense account number provided that 1) the Order is being placed by an account manager for multiple accounts eligible for post execution allocation or 2) a written, pre-determined allocation scheme that defines the series has been provided to the futures commission merchant accepting or clearing the Order prior to the time that such Order is entered. In the latter case, if such information has not been provided to the futures commission merchant prior to the time of Order entry, each specific account number must be entered into Globex. Additionally, for all such bunched Orders executed on Globex, the final account specific allocations must be submitted to the clearing system no later than the end of each trading day.

Bunched Orders for non-discretionary accounts may be entered through Globex; however, only the following Order types may be bunched: same priced limit Orders, same priced stop Orders and market Orders received prior to the opening of the Globex trading session. Such non-discretionary Orders may only be bunched in the following instances:

- a. Each Order underlying the bunched Order must be reduced to writing and include the information required pursuant to Section A.1. above;
- b. Allocation of the executions for the bunched Orders must be fair and equitable in accordance with the NFA's Interpretative Notice related to Compliance Rule 2-10; and
- c. In circumstances where the Order is bunched in a Participant's sales office, the party accepting the Order must, contemporaneously with the Order placement, transmit the individual account numbers and quantities associated with the bunched Order to the Clearing Member. Such transmission shall be maintained by the Clearing Member along with the bunched Order.

#### **525.C. Customer Type Indicator (CTI) Codes**

Each Clearing Member must identify each transaction executed on the Globex platform on the record of transactions submitted to the Exchange with the correct customer type indicator (CTI) code. The CTI codes are as follows:

CTI 1: Applies to transactions initiated and executed by an individual Participant for his own account, for an account he controls, or for an account in which he has an ownership or financial interest. However, transactions initiated and executed by a Participant for the proprietary account of a Participant firm must be designated as CTI 2 transactions.

CTI 2: Applies to Orders entered or trades executed for the proprietary accounts of a Participant firm.



CTI 3: Applies to Orders entered by a Participant or a non-Participant terminal operator for the account of another individual Participant or an account controlled by such other individual Participant.

CTI 4: Applies to all Orders and transactions not included in CTI categories 1, 2 or 3. These typically are Orders entered by or on behalf of non-member entities.

#### **525.D. Negotiated Trades**

All orders executed in accordance with Rules 602 and 603, unless otherwise exempted by rule, must be in the form of a written or electronic record and include an electronic timestamp reflecting the date and time such order was received and must identify the specific account(s) for which the order was placed. Such record shall also include an electronic timestamp reflecting the date and time such order was returned.

### **RULE 526. Prearranged, Pre-Negotiated and Noncompetitive Trades Prohibited**

#### **526.A. General Prohibition**

No Person shall prearrange or pre-negotiate any purchase or sale or noncompetitively execute any transaction, except in accordance with Sections B. and C. below.

#### **526.B. Exceptions**

The foregoing restriction shall not apply to block trades effected pursuant to Rule 602 or Exchange of Futures for Related Position transactions pursuant to Rule 603.

#### **526.C. Pre-Execution Communications Regarding Globex Trades**

Parties may engage in pre-execution communications with regard to transactions executed on the Globex platform where one party (the first party) wishes to be assured that a contra party (the second party) will take the opposite side of the Order under the following circumstances:

1. A party may not engage in pre-execution communications with other market participants on behalf of another party unless the party for whose benefit the trade is being made has previously consented to permit such communications.

2. Parties to pre-execution communications shall not (i) disclose to a non-party the details of such communications or (ii) enter an Order to take advantage of information conveyed during such communications except in accordance with this rule.

3. In the case of Futures Orders, the first party's Order must be entered into the Globex platform first and the second party's Order may not be entered into the Globex platform until a period of 5 seconds has elapsed from the time of entry of the first Order.

4. In the case of Options Orders, subsequent to the pre-execution communication a Request for Quote ("RFQ") for the particular option or option spread or combination must be entered into Globex. Thereafter, a Request for Cross ("RFC") Order which

contains both the buy and the sell Orders must be entered no less than fifteen (15) seconds and no more than thirty (30) seconds after the entry of the additional RFQ in order to proceed with the trade. The RFQs and the RFC Order must be entered within the same trading session. Failure to enter the RFC Order within 30 seconds after the entry of the additional RFQ will require a new RFQ to be entered prior to the entry of the RFC Order, which must be entered in accordance with the time parameters described above in order to proceed with the trade.

## **RULE 527. Responsibility For Customer Orders**

### **527.A. Standard of Responsibility**

A Participant shall exercise due diligence in the handling and execution of Customer Orders. Failure to act with due diligence shall constitute negligence. In the case of a dispute as to whether a Participant has exercised due diligence, the appropriate arbitration or disciplinary committee is authorized to determine whether the Participant was negligent and, if so, whether an adjustment is due to the Customer. The Arbitration Committee may take into consideration the nature of the Order and existing market conditions, including the existence of a “fast market” (a designation invoked to reflect rapid price changes and volatile market conditions), at the time the Participant acted or failed to act. However, no market condition nullifies a Participant’s responsibility to exercise due diligence.

A Participant is prohibited from directly or indirectly guaranteeing the execution of an Order or any of its terms such as the quantity or price. A Participant may only report an execution that has been effected through the Globex platform, or has been executed as a permissible privately negotiated transaction. This Rule 527.A. shall not be construed to prevent a Participant from assuming or sharing in the losses resulting from an error or the mishandling of an Order.

### **527.B. Liability for Negligence**

A Participant or Clearing Member may not adjust the price at which an Order was executed or be held responsible for executing or failing to execute an Order unless such Participant or Clearing Member was negligent or is settling a bona-fide dispute regarding negligence.

A Participant or Clearing Member may not compel an adjustment from another Participant or Clearing Member in the absence of a bona-fide dispute regarding negligence.

Participants and Clearing Members shall document all adjustments. Participants and Clearing Members shall make and retain a record which contains the date the adjustment was received, the name of the Participant or Clearing Member making the adjustment, the account to which the adjustment was credited, the amount of the adjustment, the Order number and the reason for the adjustment. Such records must be provided to the Regulatory Oversight Department upon request.

## **RULE 528. Simultaneous Spread and Combination Transactions**

All spread or combination transactions in which all sides are acquired simultaneously must be for the same account. Each of the respective legs of the spread or combination transaction must be priced within the daily price limits for those Contracts that have limits.

On Globex, spread or combination transactions shall be made by inputting the spread differential or combination price into the Globex System.

Any spread or combination transaction involving combination options may trade, provided that the traded price of the combination is zero, combination or 1 tick, as defined by that product's minimum fluctuations.

For combinations traded on Globex in price terms, the Exchange will allocate the combination trade price among the individual Options in the combination for clearing purposes.

#### **RULE 529. Discretionary Orders**

Other than disregard tape (DRT) orders, no Participant shall accept an order that gives more latitude than price and time in execution of the order, except in accordance with the provisions of Clearing House Rule 956. The above restriction shall not apply to those orders:

1. placed by another Participant for an account owned by such Participant;
2. placed by the Participant's immediate family which includes a spouse, parent, child, grandparent, grandchild, brother, sister, aunt, uncle, nephew, niece or in-law; or
3. placed for proprietary accounts of Participants or Clearing Members.

#### **RULE 530. Priority of Execution**

Non-discretionary Customer Orders received by an Authorized Trader shall be entered into Globex in the sequence received. Non-discretionary Orders that cannot be immediately entered into Globex must be entered when the Orders become executable in the sequence in which the Orders were received.

#### **RULE 531. Average Price System**

##### **531.A. Application of Average Prices**

A proprietary average price system ("APS") developed by a Participant or Clearing Member allows a Participant or Clearing Member to confirm to Customers an average price when multiple execution prices are received on an Order or series of Orders for Futures, Options or combination transactions. An Order or series of Orders executed during the same trading day at more than one price may be averaged pursuant to APS only if each Order is for the same account or group of accounts and for the same product and expiration month for Futures, or for the same product, expiration month, put/call and strike price for Options.

##### **531.B. Requirements for APS Trades**

The requirements enumerated below must be met for APS transactions.

1. The Customer must have requested average price reporting.

2. Each individual trade must be submitted and cleared by the Exchange at the executed price.

3. A Participant or Clearing Member must compute and confirm the weighted mathematical average price, as set forth in Section C.

4. A Participant or Clearing Member must possess the records to support the calculations and allocations to Customer Accounts and must maintain these records pursuant to CFTC regulations.

5. A Participant or Clearing Member must ensure that its proprietary trades are not averaged with Customer APS trades.

### **531.C. Computation of Average Price**

Upon receipt of an execution or match at multiple prices for an APS Order, the weighted mathematical average must be computed by: (a) multiplying the number of Contracts purchased or sold at each execution price by that price, (b) adding the results together and (c) dividing by the total number of Contracts. An average price for a series of Orders will be computed based on the average prices of each Order in that series. The actual average price or the average price rounded to the next price increment may be confirmed to Customers. If a Participant or Clearing Member confirms the rounded average price, the Participant or Clearing Member must round the average price up to the next price increment for a buy Order or down to the next price increment for a sell Order. The residual created by the rounding process must be paid to the Customer. APS may produce prices that do not conform to whole cent increments. In such cases, any amounts less than one cent may be retained by the Participant or Clearing Member.

### **531.D. Disclosure**

Each Participant or Clearing Member that confirms an average price to a Customer must indicate on the confirmation and monthly statement that the price represents an average price.

## **RULE 532. Position Limits And Exemptions**

The position limit levels applicable to those Contracts with position limits are set forth in the Position Limit, Position Accountability and Reportable Level Table in Rule 535.

A Person seeking an exemption from position limits must apply to the Regulatory Oversight Department on forms provided by the Exchange. In order to obtain an exemption from position limits, a Person must:

1. Provide a description of the exemption sought, including whether the exemption is for bona fide hedging positions as defined in CFTC Regulation §1.3(z)(1), risk management positions or arbitrage/spread positions;
2. Provide a complete and accurate explanation of the underlying exposure related to the exemption request;

3. Agree to promptly provide, upon request by the Regulatory Oversight Department, information or documentation regarding the Person's financial condition;
4. Agree to comply with all terms, conditions or limitations imposed by the Regulatory Oversight Department with respect to the exemption;
5. Agree that the Regulatory Oversight Department may, for cause, modify or revoke the exemption at any time;
6. Agree to initiate and liquidate positions in an orderly manner;
7. Agree to comply with all GreenEx Rules and Clearing House Rules; and
8. Agree to promptly submit a supplemental statement to the Regulatory Oversight Department whenever there is a material change to the information provided in the most recent application.

A Person intending to exceed position limits, including limits established pursuant to a previously approved exemption, must file the required application and receive approval from the Regulatory Oversight Department prior to exceeding such limits. However, a Person who establishes an exemption-eligible position in excess of position limits and files the required application with the Regulatory Oversight Department shall not be in violation of this Rule 532 provided the filing occurs within one (1) Business Day after assuming the position except in circumstances where the Regulatory Oversight Department has expressly approved a later filing which may not exceed five (5) Business Days. In the event the positions in excess of the limits are not deemed to be exemption-eligible, the applicant and Clearing Member will be in violation of speculative limits for the period of time in which the excess positions remained open.

The Regulatory Oversight Department shall, on the basis of the application and any requested supplemental information, determine whether an exemption from position limits shall be granted. The Regulatory Oversight Department may approve, deny, condition or limit any exemption request based on factors deemed by the Regulatory Oversight Department to be relevant, including, but not limited to, the applicant's business needs and financial status, as well as whether the positions can be established and liquidated in an orderly manner given characteristics of the market for which the exemption is sought.

Nothing in this Rule 532 shall in any way limit (i) the authority of the Exchange to take emergency action; or (ii) the authority of the Regulatory Oversight Department to review at any time the positions owned or controlled by any Person and to direct that such position be reduced to the position limit provided for in Rule 535.

A Person who has received written authorization from the Regulatory Oversight Department to exceed position limits must annually file an updated application not later than one year following the approval date of the most recent application. Failure to file an updated application will result in expiration of the exemption.

#### **532.A. Bona Fide Hedging Positions**

The Regulatory Oversight Department may grant exemptions from position limits for bona fide hedge positions as defined by CFTC Regulation §1.3(z)(1).

Approved bona fide hedgers may be exempted from Emergency Rules that reduce position limits or restrict trading.

### **532.B. Risk Management Positions**

The Regulatory Oversight Department may grant exemptions from the position limits for risk management positions. For the purposes of this Rule 532.B., risk management positions are defined as Futures and Options positions which are held by or on behalf of an entity or an affiliate of an entity which typically buys, sells or holds positions in the underlying cash market, a related cash market, or a related over-the-counter market and for which the underlying market has a high degree of demonstrated liquidity relative to the size of the positions and where there exist opportunities for arbitrage which provide a close linkage between the Futures or Options market and the underlying market in question. Exemptions related to indexed positions in the over-the-counter market may include corresponding commodity index-based Futures and Options and/or individual commodity Futures and Options used as components in replicating an index.

### **532.C. Arbitrage and Spread Positions**

The Regulatory Oversight Department may grant exemptions from the position limits for arbitrage, intracommodity spread, intercommodity spread, and eligible Option/Option or Option/Futures spread positions.

### **532.D. Aggregation of Positions**

#### **1. Positions to be Aggregated.**

The position limits in the Rule 535 shall apply to all positions in accounts for which a Person by power of attorney or otherwise directly or indirectly owns the positions or controls the trading of the positions. The position limits in the Rule 535 shall also apply to positions held by two or more Persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by, or the trading of the positions was done by, a single Person.

#### **2. Ownership of Accounts**

Except as set forth in Rule 532.E. below, any Person holding positions in more than one account, or holding accounts or positions in which the Person by power of attorney or otherwise directly or indirectly has a 10% or greater ownership or equity interest, must aggregate all such accounts or positions unless such Person is a limited partner, shareholder, member of a limited liability company, beneficiary of a trust or similar type of pool participant in a commodity pool. The foregoing exception for pool participants shall not apply if the Person is a commodity pool operator, controls the commodity pool's trading decisions, or has an ownership or equity interest of 25% or more in a commodity pool whose operator is exempt from registration with the CFTC.

### **532.E. Limited Exceptions to Aggregation for Independently Controlled Positions**

Positions carried for an eligible entity as defined in CFTC Regulation §150.1(d) in the separate account or accounts of independent account controllers as defined in CFTC Regulation §150.1(e)

shall not be aggregated for position limit purposes provided that the positions are not held in the spot month during such time that a spot month position limit is applicable. If an independent account controller is affiliated with the eligible entity or another independent account controller, each of the affiliated entities must comply with the requirements set forth in CFTC Regulation §150.3(4)(i)(A-D).

Positions held by Futures Commission Merchants or their separately organized Affiliates in Customer discretionary accounts or in guided account programs shall not be aggregated for position limit purposes provided that the accounts are controlled by independent traders and meet the standards set forth in CFTC Regulation §150.4(d).

Any Person claiming an exemption from position limits under this Rule 532.E. must, upon request by the Regulatory Oversight Department, provide any information deemed necessary to support the exemption.

### **532.F. Violations**

The Regulatory Oversight Department and the Exchange Practices Committee shall have the authority to enforce the GreenEx Rules regarding position limits. For purposes of this Rule 532, any positions in excess of those permitted under the GreenEx Rules shall be deemed position limit violations. Additionally, any Person making a bid or offer that would, if accepted, cause such Person to exceed the applicable position limits shall be in violation of this Rule 532.

If a position exceeds position limits as a result of an Option assignment, the Person who owns or controls such position shall be allowed one Business Day to liquidate the excess position without being considered in violation of the limits. Additionally, if, at the close of trading, a position that includes Options exceeds position limits when evaluated using the delta factors as of that day's close of trading, but does not exceed the limits when evaluated using the previous day's delta factors, then the position shall not constitute a position limit violation.

A Clearing Member shall not be in violation of this Rule 532 if it carries positions for its Customers in excess of the applicable position limits for such reasonable period of time as the Clearing Member may require to discover and liquidate the excess positions. For the purposes of this Rule 532, a reasonable period of time shall generally not exceed one Business Day.

A Customer who exceeds the position limits as a result of maintaining positions at more than one Clearing Member shall be deemed to have waived confidentiality regarding his positions and the identity of the Clearing Members at which they are maintained. A Clearing Member carrying such positions shall not be in violation of this Rule 532 if, upon notification by the Regulatory Oversight Department, it liquidates its pro-rata share of the position in excess of the limits or otherwise ensures the Customer is in compliance with the limits within a reasonable period of time.

#### **1. First Violation**

The first occurrence of a position limit violation shall result in a warning letter issued by the Regulatory Oversight Department to the party in violation of the limit, with a copy provided to the carrying Clearing Member(s). In circumstances where the carrying Clearing Member has

also committed a position limit violation as set forth in this Rule 532 by carrying such positions, a warning letter will be issued to the Clearing Member(s).

## **2. Second Violation, Sanctions and Appeals**

A second position limit violation by a non-Participant Customer within 24 months of the issuance of a warning letter shall result in the imposition of an automatic fine by the Regulatory Oversight Department to the non-Participant Customer as set forth below. Such fines will be payable to the Exchange by the Clearing Member(s) carrying the non-Participant Customer's account(s).

A second position limit violation by a Participant within 24 months of the issuance of a warning letter shall result in the imposition of an automatic fine by the Regulatory Oversight Department to the Participant as set forth below and the issuance of a cease and desist order.

The automatic fine for a position exceeding the applicable limit by up to 25% shall be \$5,000. The automatic fine for a position exceeding the applicable limit by more than 25% shall be \$15,000.

Parties may, within 10 business days of being provided notice of sanctions issued pursuant to this section, request an appeal to the Exchange Practices Committee.

Upon receiving a written request for appeal, the Chairman of the Exchange Practices Committee shall determine whether there is a reasonable basis to conclude that the appellant might be able to meet one of the standards identified below that would permit the Exchange Practices Committee to set aside, modify or amend the appealed decision. The Exchange Practices Committee Chairman's determination shall be based solely upon the written request for appeal and any written response of the Regulatory Oversight Department. The Exchange Practices Committee Chairman's determination of whether to hold a hearing on an appeal shall be final. If the Exchange Practices Committee Chairman grants the appellant's request for a hearing, the Chairman shall allow the filing of briefs in connection with the appeal.

The Exchange Practices Committee shall not set aside, modify or amend the appealed decision unless it determines by a majority vote that the decision was:

- A. Arbitrary, capricious, or an abuse of the Regulatory Oversight Department's discretion;
- B. In excess of the Regulatory Oversight Department's authority or jurisdiction; or
- C. Based on a clearly erroneous application or interpretation of GreenEx Rules.

The Exchange Practices Committee shall issue a written decision which shall include a statement of findings with respect to the decision from which the appeal was taken and the Exchange Practices Committee's determination that such initial decision is affirmed, set aside, modified or amended in whole or in part and, with respect to any initial decision that is not affirmed in whole, the Exchange Practices Committee's determination of the order or penalty to be imposed, if any, and the effective date. The decision of the Exchange Practices Committee shall be final and may not be appealed.



### **3. Referral to the Chief Regulatory Officer**

Any third or subsequent position limit violation within 24 months of the issuance of a warning letter shall be referred by the Regulatory Oversight Department to the Chief Regulatory Officer for consideration of the issuance of charges. Additionally, notwithstanding Sections 1. and 2. of this Rule 532.F., the Regulatory Oversight Department, in its sole discretion, may refer any position limit violation it deems egregious to the Chief Regulatory Officer for consideration of the issuance of charges.

#### **RULE 533. Position Accountability**

A Person who holds or controls, or a Participant or Clearing Member that carries for another Person, aggregate positions in excess of those specified in the Position Accountability column in the Position Limit, Position Accountability and Reportable Level Table in Rule 535, shall be subject to the following provisions:

- a. Such Person shall provide, in a timely manner upon request by the Regulatory Oversight Department, information regarding the nature of the position, trading strategy, and hedging information, if applicable.
- b. Such Person shall be deemed to have consented, when so ordered by the Exchange, not to further increase the positions which exceed the levels specified in the Position Accountability column in the Position Limit, Position Accountability and Reportable Level Table in Rule 535.
- c. Such positions must be initiated and liquidated in an orderly manner.

For purposes of this rule, all positions in accounts for which a Person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such Person. The provisions of this rule shall apply to positions held by two or more Persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single Person.

#### **RULE 534. Reports of Large Positions**

Clearing members shall submit to the Exchange a daily report of all positions required to be reported as set forth in the Position Limit, Position Accountability and Reportable Level Table in Rule 535. Positions at or above the reportable level in a particular expiration month of a Futures Contract or in all puts or in all calls of a particular Option Contract expiration month trigger reportable status. For a person in reportable status in a particular Contract, all positions, regardless of size, in any Futures Contract month and in any put or call on that Futures Contract must be reported.

Additionally, the daily Large Trader submission to the Exchange must include for each reportable account 1) the EFRP volume bought and sold in the reportable instrument, by contract month, and for EOOs by put and call strike and 2) the number of delivery notices issued and the number of deliveries stopped in the reportable instrument.

All large trader reports shall be submitted in a form acceptable to the Regulatory Oversight Department. The Exchange may require that more than one large trader report be submitted daily. The Regulatory Oversight Committee or the Regulatory Oversight Department may require reports from any Clearing Member on a lesser number of positions than reflected in the Position Limit, Position Accountability and Reportable Level Table.

Clearing Members must provide the Regulatory Oversight Department with the required CFTC Form 102 ("Identification of Special Accounts") identifying the owner, any controlling parties and any additional required information for each reportable account. The form must be submitted to the Regulatory Oversight Department no later than the business day following the date on which the account becomes reportable. Additionally, any material changes to the information previously provided to the Regulatory Oversight Department will require the submission of a revised form within three business days of such changes becoming effective.

**RULE 535. Position Limit, Position Accountability and Reportable Level Table**

The reportable levels for all Contracts are set forth in the Position Limit and Reportable Level Table below.

**Position Limit and Reportable Level Table**

Contract Name	Rule	Commodity Code	All Month Accountability Level	Any One Month Accountability Level	Expiration Month Limit	Reporting Level	Aggregate Info

**RULE 536. Globex Opening**

Orders entered into and received by the Globex System during the designated time period prior to the opening of the trading session shall be matched first at the commencement of trading by means of an algorithm. The opening price shall be determined by the algorithm.

**RULE 537. Globex Access Restrictions**

All connections to the Globex System, including direct connections of Participants or Customers, must be guaranteed by a Clearing Member that assumes financial responsibility for all Participants. With respect to transactions given up to other Clearing Members, such guarantee is effective only until such time that the other Clearing Member accepts the trade. A trade given up to another Clearing Member will be deemed to have been accepted by such Clearing Member if the trade is not rejected by the close of business on the business day following the trade date. The

acceptance of a trade by a Clearing Member shall not relieve any Participant, Authorized Trader, or Clearing Member of the duty to act in good faith and with reasonable care and diligence.

All individuals entering Customer Orders in other than a clerical capacity must have appropriate industry registration. Customer Orders may be entered only from the premises of an entity registered to conduct Customer business.

Clearing Members shall assist the Exchange in any investigation into potential violations of the GreenEx Rules, the Clearing House Rules or the CEA which occur through or with respect to a Globex connection guaranteed by the Clearing Member. Such assistance must be timely and may include, but not be limited to, requiring any Participant or Customer to produce documents, to answer questions from the Exchange, and/or to appear in connection with an investigation.

Clearing Members shall suspend or terminate a Participant's or Customer's Globex access if the Exchange determines that the actions of the Participant or Customer threaten the integrity or liquidity of any Contract or violate any GreenEx Rule or the CEA, or if the Customer fails to cooperate in an investigation.

If a Clearing Member has actual or constructive notice of a violation of GreenEx Rules in connection with the use of Globex by a Participant or Customer for which it has authorized a direct connection and the Clearing Member fails to take appropriate action, the Clearing Member may be found to have committed an act detrimental to the interest or welfare of the Exchange.

#### **RULE 538. Identification of Authorized Traders**

Each Authorized Trader shall be identified to the Exchange, in the manner prescribed by the Exchange, and shall be subject to GreenEx Rules. If user IDs are required to be registered with the Exchange, it is the duty of the Clearing Member to ensure that registration is current and accurate at all times. Each individual must use a unique user ID to access Globex. In no event may a Person enter an Order or permit the entry of an Order by an individual using a user ID other than the individual's own unique user ID.

#### **RULE 539. LIMITATION OF LIABILITY, NO WARRANTIES**

A. EXCEPT AS PROVIDED BELOW, THE EXCHANGE AND CHICAGO MERCANTILE EXCHANGE INC. (CME) (INCLUDING THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES), THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, CONSULTANTS, LICENSORS, PARTICIPANTS AND CLEARING MEMBERS, SHALL NOT BE LIABLE TO ANY PERSON FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES (INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS, LOSS OF USE, AND DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES), ARISING FROM:

(i) ANY FAILURE, MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION, TERMINATION, OR ANY OTHER CAUSE, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, OPERATION, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF ANY OF THE SYSTEMS AND SERVICES OF THE EXCHANGE OR CME, OR SERVICES,

EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS AND SERVICES, INCLUDING WITHOUT LIMITATION ELECTRONIC ORDER ENTRY/DELIVERY, TRADING THROUGH ANY ELECTRONIC MEANS, ELECTRONIC COMMUNICATION OF MARKET DATA OR INFORMATION, WORKSTATIONS USED BY PARTICIPANTS AND AUTHORIZED TRADERS, PRICE REPORTING SYSTEMS AND ANY AND ALL TERMINALS, COMMUNICATIONS NETWORKS, CENTRAL COMPUTERS, SOFTWARE, HARDWARE, FIRMWARE AND PRINTERS RELATING THERETO; OR

(ii) ANY FAILURE OR MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION OR TERMINATION, OR ANY OTHER CAUSE, OF ANY SYSTEM OR SERVICE OF THE EXCHANGE OR CME, OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES, CAUSED BY ANY THIRD PARTIES INCLUDING, BUT NOT LIMITED TO, INDEPENDENT SOFTWARE VENDORS AND NETWORK PROVIDERS; OR

(iii) ANY ERRORS OR INACCURACIES IN INFORMATION PROVIDED BY THE EXCHANGE OR CME OR ANY OR ANY OF THE EXCHANGE'S OR CME'S SYSTEMS, SERVICES OR FACILITIES; EXCEPT FOR INCORRECT ORDER STATUSING INFORMATION AS PROVIDED IN RULE 540 (GLOBEX CONTROL CENTER); OR

(iv) ANY UNAUTHORIZED ACCESS TO OR UNAUTHORIZED USE OF ANY OF THE EXCHANGE'S OR CME'S SYSTEMS, SERVICES OR FACILITIES BY ANY PERSON.

THE FOREGOING LIMITATION OF LIABILITY SHALL APPLY WHETHER A CLAIM ARISES IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY, CONTRIBUTION OR OTHERWISE AND WHETHER THE CLAIM IS BROUGHT DIRECTLY OR AS A THIRD PARTY CLAIM.

THE FOREGOING LIMITATION OF LIABILITY SHALL BE SUBJECT TO THE CEA AND REGULATIONS THEREUNDER. A PARTY WHO HAS BEEN FINALLY ADJUDICATED TO HAVE ENGAGED IN WILLFUL OR WANTON MISCONDUCT MAY NOT AVAIL ITSELF OF THE PROTECTIONS IN THIS RULE.

B. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS (INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE OR USE) PROVIDED BY THE EXCHANGE, THE CME (INCLUDING THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES), THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, CONSULTANTS, AND LICENSORS RELATING TO ANY SYSTEMS OR SERVICES OF THE EXCHANGE OR CME OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES, INCLUDING THE GLOBEX SYSTEM.

C. ANY DISPUTE ARISING OUT OF THE USE OF SYSTEMS OR SERVICES OF THE EXCHANGE OR CME OR SERVICES, EQUIPMENT, OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES IN WHICH THE EXCHANGE OR CME

(INCLUDING THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES), OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, CONSULTANTS OR LICENSORS IS A PARTY SHALL BE ARBITRATED PURSUANT TO RULE 822 (“CERTAIN CLAIMS AGAINST THE EXCHANGE INVOLVING TRADING SYSTEMS OR SERVICES”). ANY ARBITRATION SHALL BE BROUGHT WITHIN THE PERIOD PRESCRIBED BY GREENEX RULES. ANY OTHER ACTIONS, SUITS OR PROCEEDINGS AGAINST ANY OF THE ABOVE MUST BE BROUGHT WITHIN TWO YEARS FROM THE TIME THAT A CAUSE OF ACTION HAS ACCRUED. THIS PARAGRAPH C SHALL IN NO WAY BE CONSTRUED TO LIMIT A PARTY’S OBLIGATION TO ARBITRATE ITS CLAIM OR TO CREATE A CAUSE OF ACTION AND SHALL NOT AUTHORIZE AN ACTION THAT WOULD OTHERWISE BE PROHIBITED BY GREENEX RULES. IF FOR ANY REASON, A COURT OF COMPETENT JURISDICTION FINDS THAT SUCH DISPUTE IS NOT ARBITRABLE, SUCH DISPUTE MAY ONLY BE LITIGATED IN THE COUNTY OF NEW YORK IN THE STATE OF NEW YORK AND WILL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO ANY PROVISIONS OF NEW YORK LAW THAT WOULD APPLY THE SUBSTANTIVE LAW OF A DIFFERENT JURISDICTION.

D. THE CME OR THE EXCHANGE, MAY, IN THEIR RESPECTIVE SOLE DISCRETION, ASSUME RESPONSIBILITY FOR DIRECT, OUT-OF-POCKET LOSSES DIRECTLY CAUSED BY THE NEGLIGENCE OF GLOBEX CONTROL CENTER OR OTHER EXCHANGE STAFF AND/OR ORDER STATUS ERRORS PROVIDED BY THE GLOBEX CONTROL CENTER OR A CME OR EXCHANGE SYSTEM, SERVICE OR FACILITY. NOTWITHSTANDING THE ABOVE, i) THE EXCHANGE’S AND CME’S TOTAL COMBINED AGGREGATE OBLIGATIONS SHALL NOT EXCEED \$100,000 FOR ALL LOSSES FROM ALL CAUSES SUFFERED ON A SINGLE DAY; \$200,000 FOR ALL LOSSES SUFFERED FROM ALL CAUSES IN A SINGLE CALENDAR MONTH; AND \$2,400,000 FOR ALL LOSSES FROM ALL CAUSES SUFFERED IN A SINGLE CALENDAR YEAR. ANY DISPUTED CLAIM PURSUANT TO THIS PARAGRAPH D MUST BE ARBITRATED PURSUANT TO RULE 822 (“CERTAIN CLAIMS AGAINST THE EXCHANGE INVOLVING TRADING SYSTEMS OR SERVICES”).

E. IN NO EVENT SHALL THE EXCHANGE’S AND CME’S TOTAL COMBINED AGGREGATE LIABILITY FOR ALL CLAIMS ARISING OUT OF ANY FAILURES, MALFUNCTIONS, FAULTS IN DELIVERY, DELAYS, OMISSIONS, SUSPENSIONS, INACCURACIES, INTERRUPTIONS, TERMINATIONS, ORDER STATUSING ERRORS OR ANY OTHER CAUSES, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, OPERATION, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF ANY OF THE EXCHANGE’S OR CME’S SYSTEMS OR SERVICES, OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS AND SERVICES, OR THE NEGLIGENCE OF EXCHANGE OR CME STAFF EXCEED \$2,400,000 IN ANY GIVEN CALENDAR YEAR.

IF THE NUMBER OF ALLOWED CLAIMS ARISING OUT OF ANY FAILURES OR MALFUNCTIONS ON A SINGLE DAY OR SINGLE MONTH CANNOT BE FULLY SATISFIED BECAUSE OF THE ABOVE DOLLAR LIMITATIONS, ALL SUCH CLAIMS

SHALL BE LIMITED TO A PRO RATA SHARE OF THE MAXIMUM AMOUNT FOR THE RESPECTIVE PERIOD.

A CLAIM AGAINST THE EXCHANGE OR CME, ARISING OUT OF ANY FAILURE OR MALFUNCTION SHALL ONLY BE ALLOWED IF SUCH CLAIM IS BROUGHT IN ACCORDANCE WITH THIS RULE.

#### **RULE 540. Globex Control Center**

##### **540.A. Customer Support**

The Globex Control Center (“GCC”) provides Globex customer support and problem management only to Clearing Members, Participants and Authorized Traders. In order to be eligible for GCC support, such Persons must register with the GCC (“Registered Contacts”). The GCC provides customer support via a specified telephone number and during specified hours. GCC employees may not always be available to assist Registered Contacts. Persons other than Registered Contacts, including non-Participants with Globex access pursuant to Rule 574, must contact their Clearing Members to make support requests.

##### **540.B. GCC Communications**

As provided in Rule 539, the Exchange shall not be liable for any loss resulting from any inability to communicate with the GCC. The liability of the Exchange for the negligent acts of GCC staff shall be subject to the limitations and conditions of Rule 539. In no event, however, shall the Exchange be liable for the negligence of the GCC if the Person claiming to have suffered a loss could have secured the support it sought from GCC through its own administrative terminal, its Clearing Member’s terminal or an Independent Software Vendor’s (“ISV”) terminal. For purposes of this rule, a Person is deemed able to take action through its own administrative terminal, a Clearing Member’s terminal or an ISV’s terminal unless such terminal was inoperative or such terminal service was interrupted at the time the GCC took action.

##### **540.C. Order Status**

A Person who believes he has received an incorrect Order status or does not receive an appropriate status shall immediately notify the GCC. Additionally, such Person shall take any necessary and appropriate market action to mitigate any potential losses arising from the incorrect Order status or lack of appropriate Order status immediately after the Person knew or should have known that the Order status information was incorrect or should have been received. Any liability of the Exchange for incorrect Order status shall be subject to the limitations and conditions of Rule 539.

Notwithstanding the above, the Exchange shall not be liable for losses related to incorrect Order status information if the Exchange provides prior notification that an Exchange system, service or facility may produce such incorrect information and also provides notification of a means to obtain correct Order status information from such system, service or facility. In the event that the GCC and an Exchange system, service or facility provide conflicting information relating to an

Order status, a Customer may only reasonably rely on the information received from the GCC. Any liability of the Exchange shall be subject to the liability caps and conditions of Rule 539.

## **RULE 541. Phantom Orders**

### **541.A. Definition**

A phantom Order is an Order: 1) that was not authorized by any Person but was caused by a failure, malfunction or negligent operation of Globex or any other Exchange system, service or facility, or 2) whose terms (e.g., Contract, contract month, quantity, price or direction) were changed without authorization of the Person placing the Order solely as a result of a failure, malfunction, or negligent operation of Globex or any other Exchange system, service or facility.

### **541.B. Permissible Responses**

If the Exchange has reason to believe that phantom Orders have been or are being entered into and/or executed on any Exchange system, service or facility, the Exchange shall be empowered to take appropriate action with respect to any affected market, including without limitation, closing the market, deleting bids and offers, and/or suspending new bids and offers.

The Exchange shall promptly give notice that all Globex transactions that were directly or indirectly caused by the execution of phantom Orders and were executed at prices outside of the no-bust range, as determined in accordance with Rule 542, shall be voided. The Exchange shall have no liability or responsibility to the parties to any transactions that are voided pursuant to this paragraph.

The Exchange shall also be empowered to void Globex transactions that were directly or indirectly caused by the execution of phantom Orders and were executed at prices within the no-bust range if the Exchange concludes that such transactions impair the integrity of the market. The Exchange's liability for voiding transactions within the no-bust range as provided in paragraph C.

### **541.C. Limitation of Liability**

Any liability of the Exchange for transactions voided by the Exchange that are within the no-bust range shall be subject to the limitations and conditions of Rule 539.

If phantom Order transactions executed on the Globex System or by means of any other Exchange system, service or facility, are not voided, the Person who traded opposite a phantom Order shall have no recourse against the Exchange. The gain or loss on the liquidation of positions resulting from execution of such phantom Orders shall be the Exchange's responsibility. The Exchange shall promptly direct the Participant carrying such positions to liquidate them in a commercially reasonable manner. Such Participant shall liquidate within 30 minutes of such notification or within 30 minutes of the time it knew or should have known that it had been assigned transactions resulting from phantom Orders, whichever is sooner. The Exchange's liability to such Person shall be limited to the prices at which the positions could have been liquidated during the relevant time period.

## **RULE 542. Trade Cancellations and Price Adjustments**

### **542.A. Globex Control Center Authority Regarding Trade Cancellations and Price Adjustments**

The following shall be applied to balance the adverse effects on market integrity of executing trades and publishing trade information inconsistent with prevailing market conditions while preserving legitimate expectations of trade certainty by market participants. This rule authorizes the Globex Control Center (“GCC”) to adjust trade prices or cancel (bust) trades when such action is necessary to mitigate market disrupting events caused by the improper or erroneous use of the electronic trading system or by system defects. Notwithstanding any other provisions of this rule, the GCC may adjust trade prices or bust any trade if the GCC determines that allowing the trade to stand as executed may have a material, adverse effect on the integrity of the market. All decisions of the GCC shall be final.

### **542.B. Review of Trades**

The GCC may determine to review a trade based on its independent analysis of market activity or upon request for review by a user of the electronic trading system. A request for review must be made within eight minutes of the execution of the trade.

The GCC shall determine whether or not a trade will be subject to review. In the absence of a timely request for review, during volatile market conditions, upon the release of significant news, or in any other circumstance in which the GCC deems it to be appropriate, the GCC may determine, in its sole discretion, that a trade shall not be subject to review.

Upon deciding to review a trade, the GCC will promptly issue an alert indicating that the trade is under review.

### **542.C. Trade Price Adjustment and Cancellation Process**

Upon making a determination that a trade will be subject to review, the GCC will first determine whether the trade price is within the No Bust Range for Futures or within the Bid/Ask Reasonability Allowance for Options, as described in Section G. The Bid/Ask Reasonability Allowance for an Option is the maximum width of the bid/ask range which will be considered reasonable for use in applying the parameters necessary to establish the No Bust Range for the Option. In applying the No Bust Range, the GCC shall determine the fair value market price for that Contract at the time the trade under review occurred. The GCC may consider any relevant information, including, but not limited to, the last trade price in the Contract or a better bid or offer price on the electronic trading system, a more recent price in a different contract month, the price of the same or related contract established in another venue or another market, the market conditions at the time of the trade, the theoretical value of an Option based on the most recent implied volatility and responses to a Request for Quote (RFQ).

#### **1. Trade Price Inside the No Bust Range**

If the GCC determines that the price of the trade is inside the No Bust Range, the GCC will issue an alert indicating that the trade shall stand.



## 2. Trade Price Outside the No Bust Range

### a. Futures Contracts.

If the GCC determines that a trade price is outside the No Bust Range for a Futures Contract (including futures spreads), the trade price shall be adjusted to a price that equals the fair value market price for that Contract at the time the trade under review occurred, plus or minus the No Bust Range. In the event there are multiple parties, prices and/or contracts involved in the transactions at issue, the GCC has the authority, but not the obligation, to bust rather than price adjust such transactions. The GCC will issue an alert regarding its decision.

### b. Option Contracts.

If the GCC determines that a trade price is outside the applicable No Bust Range for an option contract, the trade price shall be adjusted. In the case of a buy (sell) error, the price will be adjusted to the determined ask (bid) price set forth in the Bid/Ask Reasonability Allowance in Section G. plus (minus) the No Bust Range. In the event there are multiple parties, prices and/or contracts involved in the transactions at issue, the GCC has the authority, but not the obligation, to bust rather than price adjust such transactions. The GCC will issue an alert regarding its decision.

Busted trade prices and any prices that have been adjusted shall be cancelled in the Exchange's official record of time and sales. Trades that are price adjusted shall be inserted in the time and sales record at the adjusted trade price.

## **542.D. Alternative Resolution by Agreement of Parties**

With the approval of the GCC, parties to a trade that is price adjusted may instead mutually agree to bust the trade. With the approval of the GCC, parties to a trade that is busted may instead mutually agree to price adjust the trade to a price consistent with the adjustment provisions of Section C.

Parties to a trade that is busted or price adjusted may mutually agree to a cash adjustment provided that such adjustments are reported to the GCC and the parties maintain a record of the adjustment.

An executed trade may not be reversed via transfer except where such trade is determined by GCC to be outside of the No Bust Range but not reported timely, subject to agreement of the parties and approval of the GCC. Any such transfer must occur at the original trade price and quantity; however the parties may mutually agree to a cash adjustment.

A trade that is not busted may not be reversed via a prearranged offsetting transaction unless such transactions are permitted and effected in accordance with Rule 526.C.

## **542.E. Liability for Losses Resulting from Price Adjustments or Cancellations**

A party entering an Order that results in a price adjustment or trade bust shall be responsible for demonstrated claims of realized losses incurred by Persons whose trade prices were adjusted or

busted provided, however, that a claimant shall not be entitled to compensation for losses incurred as a result of the claimant's failure to take reasonable actions to mitigate the loss.

A claim for a loss pursuant to this section must be submitted to the Exchange on an Exchange claim form within five business days of the event giving rise to the claim. The Exchange shall reject any claim that is not filed in a timely manner or is not permitted by this section and such decisions shall be final. Eligible claims shall be forwarded by the Exchange to the party responsible for the Order(s) that resulted in a trade bust or a price adjustment and to the Clearing Member through which the trade was placed. Such party, or the Clearing Member on behalf of the party, shall, within ten business days of receipt of the claim, admit or deny responsibility in whole or in part. Failure to respond to the claim within ten business days shall be considered a denial of liability.

To the extent that liability is admitted, payment shall be made within ten business days. Unless otherwise agreed upon in writing by the parties, failure to make the payment within ten business days shall be considered a denial of liability for purposes of this rule. A copy of any such written agreement must be provided to the Exchange.

To the extent that liability is denied, the party making the claim may submit the claim to arbitration in accordance with Rule 823. Such claims must be submitted to the Regulatory Oversight Department within ten business days of the date the party was issued notification that liability was denied.

#### **542.F. Schedule of Administrative Fees**

When GCC busts or price adjusts a trade, the party responsible for entering the Order into the electronic trading system that gave rise to the trade bust or price adjustment shall pay an administrative fee to the Exchange in the amount of \$500 for each such occurrence. If the party is not deemed a Participant and fails to pay the fee, the Clearing Member through which the trade was placed shall be responsible for payment of the fee.

#### **542.G. No Bust Ranges**

Futures Contract

No Bust Range

## CHAPTER 6 PRIVATELY NEGOTIATED TRANSACTIONS

### **RULE 601. CME ClearPort Clearing: Procedures for Trade Submission**

(a) **Scope of Rule.** This rule governs transactions not competitively executed on the Exchange (“Transactions”) that are submitted via the CME ClearPort Clearing Trade Portal (“CPC Trade Portal”) for clearing in connection with a Contract that is listed on the Exchange for clearing only or listed for trading and clearing on the Exchange. In submitting such Transactions to the CPC Trade Portal or in allowing such Transactions to be submitted to the CPC Trade Portal, the two parties to the Transaction shall be deemed to have mutually agreed to initiate a process to substitute their transaction for a standardized Futures Contract listed for trading and clearing on the Exchange. For purposes of this rule, the two principals in such Transactions shall be referenced as the “Parties to the Transaction.”

(b) **Transactions: Compliance with Regulatory Exemptions and Exclusions.** Each of the Parties to the Transaction shall be responsible for ensuring that the Transaction complies with CFTC regulatory requirements as applicable for such transaction, including as appropriate compliance with the terms of a statutory exemption or exclusion under the CEA from other CFTC regulation relied upon by the Parties to the Transaction.

(c) **Submission of Transactions.** The process of submission of a Transaction shall not be deemed to have been completed unless and until the Parties to the Transaction have successfully concluded the submission of the Transaction to the Exchange as an exchange of Futures for physicals (“EFP”), an exchange of Futures for risk (“EFR”), or a Block Trade as applicable, pursuant to the respective provisions of Rules 602 and 603, and the provisions of this Rule 601.

(d) **Trade Submission Procedures.** All Transactions submitted to the Exchange pursuant to this rule must be submitted in accordance with the procedures established by the Clearing House for this purpose, as amended from time to time. The Parties to the Transaction and any Party authorized under Section (e) of this Rule with brokering capability (“Broker” or “Brokers”) authorized to submit executed transactions on their behalf to the Exchange and authorized for related activities shall be exclusively responsible, both individually and jointly, for accurately confirming the details of the Transaction to the Exchange. Once submitted, all such transactions, subject to the rules for trade adjustments set forth in Section (g) of this Rule, shall be deemed final. Neither the Exchange nor a Clearing Member carrying the account of either party will have any responsibility in the confirmation of trade terms for the Transactions.

(e) **Registration of Eligible Participants, Eligible Accounts and Authorized Brokers.** Each Clearing Member must register with the Exchange in the manner required for any Customer authorized by the Clearing Member to submit transactions to the Exchange pursuant to this Rule 601, and must also register with the Exchange the applicable account numbers for each such Customer. For each such account, the Clearing Member carrying that account also must submit to the Exchange in the manner provided the name of any Broker(s) who has registered with the Exchange for services provided by the Exchange, and who is authorized by

the Customer to act on its behalf in the submission of executed transactions to the Exchange and related activity

For any such Brokers authorized by the Customer and submitted to the Exchange by the Clearing Member, such submission by the Clearing Member will not constitute an endorsement or ratification of the Customer's authorization of the Broker. Moreover, submission of Brokers authorized by the Customer will not mean that the Clearing Member is in privity with, has a relationship with and/or is otherwise standing behind any of the Customer's authorized Brokers, and the Clearing Member will have no responsibility for any such Brokers selected by the Customer and no duty or obligation to supervise the activities of any such Brokers.

(f) Establishment of Authorized Commodities and Total Risk Value. For each account number that has been registered with the Exchange pursuant to Section (e) of this rule, a Clearing Member also must input into the Exchange's Risk Allocation Value "E-RAV" system authorization indicating the specific commodities for which a Transaction may be submitted to the Exchange pursuant to this rule and the risk value(s) assigned by the Clearing Member for Transactions for that account.

(g) Trade Deletion Procedures for Transactions Submitted via CME ClearPort Clearing Trade Entry Portal. Following submission of the trade details by Broker or Parties to the Transaction (or by Exchange staff as mutually agreed by the Parties to the Transaction), an e-mail will be transmitted to the Parties to the Transaction notifying them that they have been listed as counterparties in a Transaction that has been submitted to the Exchange. Following such submission, a buyer or seller may not unilaterally reject the trade terms previously submitted to the Exchange. However, in order to correct an error resulting from the good faith actions of the Broker or Exchange staff, as applicable, and upon mutual consent of the Parties to the Transaction, Broker or Exchange staff, as applicable, may void the transaction, provided, however, that this void response is received by the Exchange within sixty (60) minutes of the time of the initial submission of the Transaction to the Exchange.

(h) Entry of Transactions. For a Transaction submitted to the Exchange pursuant to this rule, such transaction first will be routed to the Exchange's E-RAV Credit Check system. The time of entry of a Transaction into the Exchange's E-RAV system will be recorded by the system and will be used by the Exchange as the time that an E-RAV Credit Check was conducted pursuant to Section (i) below.

(i) Use of E-RAV Credit Check System. The Exchange will conduct an E-RAV Credit Check for each Transaction. The E-RAV Credit Check will confirm whether the Clearing Member carrying that account has authorized that account for Transactions submitted pursuant to this rule in the commodity involved in the Transaction, and confirm whether the entry of the Transaction into clearing would fall within the risk value(s) established by the Clearing Member.

At all times until both sides (Buy and Sell) of the Transaction have successfully cleared the ERAV Credit Check, a Transaction submitted to the Exchange pursuant to this rule shall remain as an uncleared Transaction.

In the event that either side of the Transaction is rejected as a result of the ERAV Credit Check test, the Parties to the Transaction and their respective Clearing Members would be informed accordingly. Thereafter, any determination as to further action with respect to the Transaction would be resolved by the Parties to the Transaction.

(j) Trade Submission Deadlines. Transactions that are submitted, confirmed and accepted for clearing, as further provided by Section (k) of this rule, prior to 5:15 p.m. New York time on an Exchange business day will be included by the Exchange for clearing for that business day. The Exchange reserves the right to modify these business hours without notice at any time. The facilitation desk will generally be available to assist users 24 hours a day on all Exchange business days.

(k) Clearance by Both Sides of the Transactions of Credit Check. Upon clearance by both sides of the Transaction of the E-RAV Credit Check, the transaction shall be deemed to have been accepted for clearing and will be routed automatically to the Exchange's clearing system.

Notwithstanding the above, a Clearing Member also shall be responsible for accepting and clearing a position for a Transaction entered into the Exchange's clearing system for clearing following any non-operation of the Exchange's E-RAV Credit Check functionality for the applicable account carried by the Clearing Member.

#### **RULE 602. Block Trades**

The Exchange shall designate the Contracts in which block trades shall be permitted and determine the minimum quantity thresholds for such transactions. The following shall govern block trades:

(a) A block trade must be for a quantity that is at or in excess of the applicable minimum threshold. Orders may not be aggregated in order to achieve the minimum transaction size, except by those entities described in Sections (i) and (j).

(b) Each party to a block trade must be an Eligible Contract Participant as that term is defined in Section 1a(12) of the CEA.

(c) A Participant shall not execute any Order by means of a block trade for a Customer unless such Customer has specified that the Order be executed as a block trade.

(d) The price at which a block trade is executed must be fair and reasonable in light of (i) the size of the block trade, (ii) the prices and sizes of other transactions in the same Contract at the relevant time, (iii) the prices and sizes of transactions in other relevant markets, including without limitation the underlying cash market or related Futures markets, at the relevant time, and (iv) the circumstances of the markets or the parties to the block trade.

(e) Block trades shall not set off conditional Orders (e.g., Stop Orders and MIT Orders) or otherwise affect Orders in the regular market.

(f) The seller must ensure that each block trade is reported to the Exchange within five minutes of the time of execution. The report must include the Contract, contract month, price, quantity of the transaction, the respective Clearing Members, the time of execution, and, for Options, strike price, put or call and expiration month. The Exchange shall promptly publish such information separately from the reports of transactions in the regular market.

(g) Block trades must be reported to the Clearing House in accordance with an approved reporting method.

(h) Clearing Members and Participants involved in the execution of block trades must maintain a record of the transaction in accordance with Rule 604.

(i) A commodity trading advisor (“CTA”) registered or exempt from registration under the CEA, including, without limitation, any investment advisor registered or exempt from registration under the Investment Advisors Act of 1940, shall be the applicable entity for purposes of Sections (a), (b), (c) and (d), provided such advisors have total assets under management exceeding \$25 million and the block trade is suitable for the Customers of such advisors.

(j) A foreign Person performing a similar role or function to a CTA or investment advisor as described in Section (i), and subject as such to foreign regulation, shall be the applicable entity for purposes of Sections (a), (b), (c) and (d), provided such Persons have total assets under management exceeding \$25 million and the block trade is suitable for the Customers of such Persons.

### **RULE 603. Exchange of Futures for Related Positions**

The following transactions shall be permitted by arrangement between parties in accordance with the requirements of this rule:

Exchange for Physical (“EFP”) - A privately negotiated and simultaneous exchange of an Exchange futures position for a corresponding cash position.

Exchange for Risk (“EFR”) – A privately negotiated and simultaneous exchange of an Exchange futures position for a corresponding OTC swap or other OTC instrument.

Exchange of Options for Options (“EOO”) - A privately negotiated and simultaneous exchange of an Exchange option position for a corresponding OTC option position or other OTC instrument with similar characteristics.

For purposes of this rule, an EFP, EFR or EOO shall be referred to as an Exchange for Related Position (“EFRP”).

#### **603.A. Nature of an EFRP**

An EFRP consists of two discrete but related simultaneous transactions. One party to the EFRP must be the buyer of (or the holder of the long market exposure associated with) the related position and the seller of the corresponding Exchange Contract. The other party to the EFRP

must be the seller of (or the holder of the short market exposure associated with) the related position and the buyer of the corresponding Exchange Contract.

However, a Participant may facilitate, as principal, the related position on behalf of a Customer, provided that the Participant can demonstrate that the related position was passed through to the Customer who received the Exchange Contract position as part of the EFRP.

### **603.B. Related Positions**

The related position (cash, OTC swap, OTC option, or other OTC derivative) must involve the commodity underlying the Exchange Contract, or must be a derivative, by-product, or related product of such commodity that has a reasonable degree of price correlation to the commodity underlying the Exchange Contract.

### **603.C. Quantity**

The quantity covered by the related position must be approximately equivalent to the quantity covered by the Exchange Contracts.

### **603.D. Prices and Price Increments**

An EFRP transaction may be entered into in accordance with the applicable price increments or option premium increments set forth in the rules governing the pertinent Exchange Contracts, at such prices as are mutually agreed upon by the two parties to the transaction.

### **603.E. Date and Time of Transaction**

The date and the time of execution of all EFRP transactions must be denoted on the record of the transaction required to be created pursuant to Rule 525.D. Notwithstanding the preceding sentence, EFRP transactions entered into CME ClearPort do not need a separate record of the transaction or time of execution provided that such transactions are entered immediately after the relevant terms have been determined during hours ClearPort is available, and in no event later than the earlier of the start of the next business day or the end of the permissible posting period for EFRP transactions following the expiration of the underlying futures contract.

### **603.F. Termination of Trading in Exchange Contracts**

EFRP transactions may be permitted after termination of trading in expiring Exchange Contracts, as prescribed in the applicable rules governing such Exchange Contracts. Such transactions shall not establish new positions.

### **603.G. Identification and Submission to the Clearing House**

Each EFRP transaction shall be designated as such and shall be cleared through the Clearing House. Each such transaction shall be submitted to the Clearing House within the time period and in the manner specified by the Exchange. Clearing Members are responsible for exercising due diligence as to the bona fide nature of EFRP transactions submitted on behalf of Customers.

### **603.H. Documentation**

Parties to any EFRP transaction must maintain all documents relevant to the Exchange Contract and the cash, OTC swap, OTC option, or other OTC derivative, including all documents customarily generated in accordance with relevant market practices and any documents reflecting payment and transfer of title. Any such documents must be provided to the Exchange upon request, and it shall be the responsibility of the carrying Clearing Member to provide such requested documentation on a timely basis.

### **603.I. Account Requirements**

The accounts involved in the execution of an EFRP transaction must be (a) independently controlled accounts with different beneficial ownership; or (b) independently controlled accounts of separate legal entities with the same beneficial ownership, provided that the account controllers operate in separate business units; or (c) independently controlled accounts within the same legal entity, provided that the account controllers operate in separate business units; or (d) commonly controlled accounts of separate legal entities, provided that the separate legal entities have different beneficial ownership.

However, on or after the first day on which delivery notices can be tendered in a physically delivered Exchange futures contract, an EFRP transaction may not be executed for the purpose of offsetting concurrent long and short positions in the expiring Exchange Futures Contract when the accounts involved in such transaction are owned by the same legal entity and when the date of the Exchange Futures position being offset is not the same as the date of the offsetting transaction.

### **603.J. Large Trader Requirements for EFRP Transactions**

Each Clearing Member, omnibus account and foreign broker submitting large trader positions in accordance with Rule 534 must submit for each reportable account the EFRP volume bought and sold in the reportable instrument, by contract month, and additionally for EOOs, by put and call strike. The information must be included in the daily Large Trader report to the Exchange.

### **RULE 604. Recordkeeping Requirements for Privately Negotiated Trades**

All Orders executed in accordance with Rule 602 and 603, unless otherwise exempted by Rule, are subject to the following recordation requirements.

At the time of execution, every Order received from a Customer must be in the form of a written or electronic record and include an electronic timestamp reflecting the date and time such Order was received and must identify the specific account(s) for which the Order was placed. Such record shall also include an electronic timestamp reflecting the date and time such Order was executed or cancelled.

### **RULE 605. CPC Access Restrictions**

All connections to the CPC System, including direct connections of Participants or Customers, must be guaranteed by a Clearing Member that assumes financial responsibility for all



Participants, such guarantee is effective only until such time that the other Clearing Member accepts the trade.

Clearing Members shall assist the Exchange in any investigation into potential violations of the GreenEx Rules, the Clearing House Rules or the CEA which occur through or with respect to a CPC connection guaranteed by the Clearing Member. Such assistance must be timely and may include, but not be limited to, requiring any Participant or Customer to produce documents, to answer questions from the Exchange, and/or to appear in connection with an investigation.

Clearing Members shall suspend or terminate a Participant's or Customer's CPC access if the Exchange determines that the actions of the Participant or Customer threaten the integrity or liquidity of any Contract or violate any GreenEx Rule or the CEA, or if the Customer fails to cooperate in an investigation.

If a Clearing Member has actual or constructive notice of a violation of GreenEx Rules in connection with the use of CPC by a Participant or Customer for which it has authorized a direct connection and the Clearing Member fails to take appropriate action, the Clearing Member may be found to have committed an act detrimental to the interest or welfare of the Exchange.

#### **RULE 606. CPC Incentive Program**

The Board may implement a CPC Broker Incentive Program (the "CPC Incentive Program") that will be applied to specified GreenEx Contracts and will have the following parameters:

(a) Eligible Intermediaries. Eligible Intermediaries shall include voice brokers, Introducing Brokers, Futures Commission Merchants and associated persons of the foregoing who physically submit matched trades to CPC for the account of another Person are eligible to participate in the CPC Incentive Program. As a condition for eligibility, intermediaries shall be required to provide the Exchange with daily settlement data for those contracts that are requested by the Exchange. The Exchange reserves the right to withhold CPC Incentive Program payments from those intermediaries that do not comply with the request for data.

(b) Excluded Parties. Intermediaries who submit trades or execute orders for their Proprietary Account are excluded from participation in the CPC Incentive Program. Intermediaries that are otherwise eligible may be excluded if they engage in conduct deemed by the Exchange, in its sole discretion, to have an adverse effect on the Exchange, or otherwise to be harmful to the reputation or business of the Exchange, or otherwise to be contrary to the best interests of the Exchange.

(c) Excluded Platform(s). Transactions executed on Globex® are excluded from the CPC Incentive Program.

(d) Term. The initial term of the CPC Incentive Program will be for one year commencing from the launch date of the Exchange. The term of the CPC Incentive Program is subject to further amendment, in the sole discretion of the Exchange, including without limitation, the right to extend the term on such conditions and intermediary eligibility criteria as may be determined by the Exchange in its sole discretion.

(e) Rebate Payments

(i) Rebate payments under the CPC Incentive Program shall be made quarterly.

(ii) An eligible intermediary (on behalf of a third party excluding proprietary accounts) submitting a matched trade, which clears successfully, will receive 25% of the net clearing fees charged by the Exchange. The Exchange in its sole discretion will decide any disputes arising about the identity or affiliation of the intermediary entitled to the CPC Incentive Program rebate payment.

(iii) Rebate payments shall be made latest 30 days past the end of each quarter.

(iv) The Exchange retains the exclusive right to determine its fees. The Exchange retains the right to establish alternative fee payment percentages on a case-by-case basis based upon volume and other market commitment factors in the Exchange's sole discretion.

## CHAPTER 7 DISCIPLINARY RULES

### **RULE 701. General**

(a) All Participants, Authorized Traders and other Supervised Persons shall be subject to the Exchange's jurisdiction. All Participants, Authorized Traders and other Supervised Persons are subject to this Chapter 7 if they, or with respect to a Participant, any other Person using any of its User IDs, are alleged to have violated, to have aided and abetted a violation, to be violating, or to be about to violate, any Rule of the Exchange or any provision of Applicable Law for which the Exchange possesses disciplinary jurisdiction.

(b) The Exchange, through the Regulatory Oversight Department and the Disciplinary Panel, will conduct inquiries, investigations, disciplinary proceedings and appeals from disciplinary proceedings, summary impositions of fines, summary suspensions or other summary actions in accordance with this Chapter 7.

(c) No Exchange Official will interfere with or attempt to influence the process or resolution of any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action. No Director will interfere with or attempt to influence the process or resolution of any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action, except to the extent provided under the GreenEx Rules with respect to a proceeding in which the Director is a member of the relevant Appeal Panel.

(d) Any Participant, Authorized Trader or other Supervised Person may be represented by counsel during any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary actions pursuant to this Chapter 7.

(e) (i) Pursuant to this Chapter 7, the Exchange may hold a Participant liable for, and impose sanctions against such Participant, for such Participant's own acts and omissions that constitute a violation as well as for the acts and omissions of each (A) Authorized Trader authorized by such Participant, (B) other Supervised Person of such Participant, (C) other Person using a User ID of such Participant or (D) other agent or representative of such Participant, in each case, that constitute a violation as if such violation were that of the Participant.

(ii) Pursuant to this Chapter 7, the Exchange may hold an Authorized Trader liable for, and impose sanctions against him or her, for such Authorized Trader's own acts and omissions that constitute a violation as well as or for the acts and omissions of any other agent or representative of such Authorized Trader that constitute a violation as if such violation were that of the Authorized Trader.

(f) Pursuant to this Chapter 7, the Exchange may review an appeal by any applicant of the Exchange's decision to deny or otherwise limit Trading Privileges of such applicant pursuant to the GreenEx Rules; provided, however, that any such decision by the Exchange to

deny or otherwise limit applicant's Trading Privileges shall continue in effect during such review.

(g) A Person subject to a disciplinary proceeding or an appeal from a disciplinary proceeding (and any counsel or representative of such Person) and the Regulatory Oversight Department (and any counsel or representative of the Regulatory Oversight Department) shall not knowingly make or cause to be made an ex parte communication relevant to the merits of a disciplinary proceeding or an appeal from a disciplinary proceeding to any member of the Disciplinary Panel or the Appeal Panel hearing such proceeding. Members of a Disciplinary Panel or Appeal Panel shall not knowingly make or cause to be made an ex parte communication relevant to the merits of a disciplinary proceeding or an appeal from a disciplinary proceeding to any Person subject to such proceeding (and any counsel or representative of such Person) and the Regulatory Oversight Department (and any counsel or representative of the Regulatory Oversight Department). Any Person who receives, makes or learns of any communication which is prohibited by this rule shall promptly give notice of such communication and any response thereto to the Regulatory Oversight Department and all parties to the proceeding to which the communication relates. A Person shall not be deemed to have violated this rule if the Person refuses an attempted communication concerning the merits of a proceeding as soon as it becomes apparent the communication concerns the merits.

#### **RULE 702. Inquiries and Investigation**

(a) The Regulatory Oversight Department will investigate any matter within the Exchange's disciplinary jurisdiction of which it becomes aware. The Regulatory Oversight Department will determine the nature and scope of its inquiries and investigations within its sole discretion and will function independently of any commercial interests of the Exchange.

(b) The Regulatory Oversight Department has the authority to:

(i) initiate and conduct inquiries and investigations;

(ii) prepare investigative reports and make recommendations concerning initiating disciplinary proceedings;

(iii) prosecute alleged violations within the Exchange's disciplinary jurisdiction; and

(iv) represent the Exchange on appeal from any disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.

(c) Each Participant, Authorized Trader and other Supervised Person:

(i) is obligated to appear and testify and respond in writing to interrogatories within the time period required by the Regulatory Oversight Department in connection with: (A) any GreenEx Rule; (B) any inquiry or investigation; or (C) any preparation by and presentation during a disciplinary proceeding or appeal from a decision in a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action by the Exchange;

(ii) is obligated to produce books, records, papers, documents or other tangible evidence in its, his or her possession, custody or control within the time period required by the Regulatory Oversight Department in connection with: (A) any GreenEx Rule; (B) any inquiry or investigation; or (C) any preparation by and presentation during a disciplinary proceeding or appeal from a decision in any disciplinary proceeding, summary imposition of fines, summary suspension or other summary action by the Exchange; and

(iii) may not impede or delay any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.

#### **RULE 703. Reports of Investigations**

(a) The Regulatory Oversight Department will maintain a log of all investigations and their disposition. The Regulatory Oversight Department will prepare a written report of each investigation, regardless of whether the evidence gathered during any inquiry or investigation forms a reasonable basis to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur or whether the evidence gathered results in closing the matter without further action or through summary action.

(b) Any written report of investigation will include the reasons for initiating the investigation (including a summary of the complaint, if any), all relevant facts and evidence gathered, and the recommendation of the Regulatory Oversight Department. For each potential respondent, the Regulatory Oversight Department will recommend either (i) closing the investigation without further action, (ii) summary action, (iii) resolving the investigation through an informal disposition, including the issuance of a warning letter or (iv) initiating disciplinary proceedings. An informal disposition (including the issuance of a warning letter) will not constitute a finding of a violation or a sanction.

#### **RULE 704. Opportunity to Respond**

(a) After completing its investigation report, the Regulatory Oversight Department may, upon approval of the Chief Regulatory Officer, notify each potential respondent that the Regulatory Oversight Department has recommended formal disciplinary charges against the potential respondent.

(b) The Regulatory Oversight Department may allow a potential respondent to propose a settlement of the matter or to submit a written statement explaining why a disciplinary proceeding should not be instituted or one or more of the potential charges should not be brought. The potential respondent shall submit such written statement within the time limit established by the Regulatory Oversight Department.

#### **RULE 705. Review of Investigative Reports**

(a) The Chief Regulatory Officer will review promptly each completed investigation report to determine whether a reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur.

(b) If the Chief Regulatory Officer determines that additional investigation or evidence is needed to decide whether a reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur, the Chief Regulatory Officer will direct the Regulatory Oversight Department to conduct further investigation.

(c) After receiving completion of an investigation, the Chief Regulatory Officer will determine for each potential respondent whether to authorize:

(i) the commencement of disciplinary proceedings because a reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur;

(ii) the informal disposition of the investigation (by issuing a warning letter or otherwise) because disciplinary proceedings are unwarranted in which case the Chief Regulatory Officer shall provide a written explanation to the Regulatory Services Provider; or

(iii) the closing of the investigation without any action because no reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur in which case the Chief Regulatory Officer shall provide a written explanation to the Regulatory Services Provider.

#### **RULE 706. Notice of Charges**

(a) If the Chief Regulatory Officer authorizes disciplinary proceedings pursuant to Rule 705(c)(i), the Regulatory Oversight Department will prepare, and serve in accordance with Rule 708, a notice of charges.

(b) A notice of charges will:

(i) state the acts, practices or conduct that the respondent is alleged to have engaged in;

(ii) state the GreenEx Rule or provision of Applicable Law alleged to have been violated or about to be violated;

(iii) state the proposed sanctions;

(iv) advise the respondent of its right to a hearing;

(v) state the period of time within which the respondent can request a hearing on the notice of charges, which will not be less than 20 days after service of the notice of charges;

(vi) advise the respondent that any failure to request a hearing within the period stated, except for good cause, will be deemed to constitute a waiver of the right to a hearing; and

(vii) advise the respondent that any allegation in the notice of charges that is not expressly denied will be deemed to be admitted.

**RULE 707. Answer to Notice of Charges**

(a) If the respondent determines to answer a notice of charges, the respondent must file answers within 20 days after being served with such notice, or within such other time period determined appropriate by the Chief Regulatory Officer.

(b) To answer a notice of charges, the respondent must in writing:

(i) specify the allegations that the respondent denies or admits;

(ii) specify the allegations that the respondent does not have sufficient information to either deny or admit;

(iii) specify any specific facts that contradict the notice of charges;

(iv) specify any affirmative defenses to the notice of charges; and

(v) sign and serve the answer on the Chief Regulatory Officer.

(c) Any failure by the respondent to timely serve an answer to a notice of charges will be deemed to be an admission to the allegations in such notice. Any failure by the respondent to answer one or more allegations in a notice of charges will be deemed to be an admission of that allegation or those allegations. Any allegation in a notice of charges that the respondent fails to expressly deny will be deemed to be admitted. A general denial by the respondent, without more, will not satisfy the requirements of paragraph (b) above.

**RULE 708. Service of Notice of Charges**

Any notice of charges or other documents contemplated to be served pursuant to this Chapter 7 may be served (and service shall be deemed complete) upon the respondent either personally or by leaving the same at his or her place of business or by deposit in the United States mail, postage prepaid, via registered or certified mail addressed to the respondent at the address as it appears on the books and records of the Exchange.

**RULE 709. Settlements**

(a) A respondent or potential respondent may at any time propose in writing an offer of settlement to anticipated or instituted disciplinary proceedings. Any offer of settlement should contain proposed findings and sanctions and be signed by the respondent or potential respondent and submitted to the Regulatory Oversight Department. A respondent or potential respondent may offer to settle disciplinary proceedings without admitting or denying the findings contained in the order of the disciplinary proceedings but must accept the jurisdiction of the Exchange over it and over the subject matter of the proceedings and consent to the entry of the findings and sanctions imposed.

(b) If a respondent or potential respondent submits an offer of settlement in accordance with paragraph (a) above, the Regulatory Oversight Department will forward the offer to the Chief Regulatory Officer with a recommendation on whether to accept or reject the offer. Any preliminary determination by the Chief Regulatory Officer to accept the offer shall be submitted for review by the Disciplinary Panel. If the Disciplinary Panel agrees, then the Chief Regulatory Officer shall conditionally accept an offer of settlement, and that the settlement will become final upon the expiration of 20 days after an order of the disciplinary proceedings consistent with the terms of the offer of settlement is served on the respondent.

(c) If an offer of settlement is accepted and the related order of disciplinary proceedings becomes final, the respondent's submission of the offer will be deemed to constitute a waiver of the right to notice, opportunity for a hearing and review and appeal under the GreenEx Rules.

(d) If the offer of settlement of a respondent or potential respondent is not accepted by agreement between the Chief Regulatory Officer and the Disciplinary Panel, fails to become final or is withdrawn by the respondent or potential respondent, the matter will proceed as if the offer had not been made and the offer and all documents relating to it will not become part of the record. Neither a respondent or potential respondent nor the Regulatory Oversight Department may use an unaccepted offer of settlement as an admission or in any other manner at a hearing of, or appeal from, disciplinary proceedings.

#### **RULE 710. Disciplinary Panel**

(a) The Disciplinary Panel shall conduct hearings in connection with any disciplinary proceedings, to make findings and impose sanctions pursuant to this Chapter 7. The Chief Regulatory Officer shall select a separate Disciplinary Panel prior to the commencement of each disciplinary matter. In selecting members of the Disciplinary Panel, the Chief Regulatory Officer shall use its judgment to appoint a Disciplinary Panel that is fair to the respondent and free from inappropriate domination or disproportionate influence. Each Disciplinary Panel shall consist of at least one individual who would qualify as a Public Director (if the individual was a director of the Exchange), except in cases limited to decorum, attire, or the timely submission of accurate records required for clearing or verifying each day's transactions.

(b) Within 10 days of being notified of the appointment of the Disciplinary Panel, a respondent may seek to disqualify any individual named to the Disciplinary Panel for the reasons identified in GreenEx Rules or for any other reasonable grounds, by serving written notice on the Chief Regulatory Officer. By not timely filing a request for disqualification, the respondent will be deemed to have waived any objection to the composition of a Disciplinary Panel. The general counsel of the Exchange will decide the merits of any request for disqualification within his or her sole discretion. Any such decision will be final and not subject to appeal.

#### **RULE 711. Convening Hearings of Disciplinary Proceedings**

(a) All disciplinary proceedings (except for summary impositions of fines pursuant to Rule 717) will be conducted at a hearing before the Disciplinary Panel. A hearing will be conducted privately and confidentially. Notwithstanding the confidentiality of hearings, the



Disciplinary Panel may appoint an expert to attend any hearing and assist in deliberations if such expert agrees to be subject to an appropriate confidentiality agreement.

(b) After reasonable notice to each respondent, the Disciplinary Panel will promptly convene a hearing to conduct the disciplinary proceedings with respect to such respondent. Parties to a disciplinary proceeding include each respondent and the Regulatory Oversight Department.

(c) The chairman of the Disciplinary Panel may continue, adjourn or otherwise conduct the hearing, as he or she may deem appropriate. The chairman of the Disciplinary Panel will determine all procedural and evidentiary matters, including the admissibility and relevance of any evidence proffered. In determining procedural and evidentiary matters, the chairman of the Disciplinary Panel will not be bound by any evidentiary or procedural rules or law. Once admitted during the hearing, the Disciplinary Panel may consider, and attach the weight it believes appropriate to, evidence or other materials. The general counsel of the Exchange, or its designee, will provide guidance to the chairman of the Disciplinary Panel on the conduct of the hearing.

(d) Except for procedural and evidentiary matters decided by the chairman of the Disciplinary Panel pursuant to paragraph (c) above and Rule 712, unless each respondent otherwise consents, the entire Disciplinary Panel must be present during the entire hearing and any related deliberations.

#### **RULE 712. Respondent Review of Evidence**

(a) Prior to the commencement of a hearing, each respondent will be given the opportunity to review all books, records, documents, papers, transcripts of testimony and other tangible evidence in the possession or under the control of the Exchange that the Regulatory Oversight Department will use to support the allegations and proposed sanctions in the notice of charges or which the chairman of the Disciplinary Panel deems relevant to the disciplinary proceedings. Notwithstanding the foregoing, no respondent will have the right to review, and the Exchange will have no obligation to disclose, any information protected by attorney-client privilege.

(b) If any books, records, documents, papers, transcripts of testimony, or other tangible evidence contain information that could adversely affect the competitive position of the Person providing the information or if such information might compromise other investigations being conducted by the Regulatory Oversight Department, the Regulatory Oversight Department may redact, edit or code such information before furnishing it to the respondent.

(c) Notwithstanding anything in paragraph (b) above to the contrary, the Regulatory Oversight Department:

(i) will not redact, edit or code competitive or investigative information contained in documents in a manner that would impair the respondent's ability to defend against the allegations or proposed sanctions in the notices of charges, and

(ii) will provide the respondent with access to the information and portions of the documents that the Regulatory Oversight Department intends to rely on to support the allegations or proposed sanctions in the notice of charges.

(d) For purposes of this Rule 712, information that could adversely affect competitive positions include positions in Contracts currently held, trading strategies employed in establishing or liquidating positions, the identity of any Participant or Authorized Trader and the personal finances of the Person providing the information.

### **RULE 713. Conducting Hearings of Disciplinary Proceedings**

(a) At a hearing conducted in connection with any disciplinary proceedings, the Regulatory Oversight Department will present its case supporting the allegations and proposed sanctions in the notice of charges to the Disciplinary Panel. If a respondent has timely filed an answer to the notice of charges in accordance with Rule 707, the respondent is entitled to attend and participate in the hearing.

(b) At a hearing conducted in connection with any disciplinary proceedings, the Disciplinary Panel or the Regulatory Oversight Department and each respondent may:

(i) present evidence and facts determined relevant and admissible by the chairman of the Disciplinary Panel;

(ii) call and examine witnesses; and

(iii) cross-examine witnesses called by other parties.

(c) If the respondent fails to file an answer, has filed a general denial, or if any or all of the allegations in the notice of charges are not expressly denied in the respondent's answer, the chairman of the Disciplinary Panel may limit evidence concerning any allegations not expressly denied in determining the sanctions to impose. If a respondent fails to file an answer but appears at the hearing, the respondent may not participate in the hearing (by calling or cross-examining witnesses, testifying in defense, presenting evidence concerning the notice of charges, or otherwise) unless the Disciplinary Panel determines that the respondent had a compelling reason for failing to timely file an answer. If the Disciplinary Panel determines that the respondent had a compelling reason for failing to timely file an answer, the Disciplinary Panel will adjourn the hearing and direct the respondent to promptly file a written answer in accordance with Rule 707.

(d) Any Person entitled, or required or called upon, to attend a hearing before a Disciplinary Panel pursuant to paragraph (b)(ii) above will be given reasonable notice, confirmed in writing, specifying the date, time and place of the hearing, and the caption of the disciplinary proceedings. The Exchange will require all Participants (that are individuals), Authorized Traders and other Supervised Persons that are called as witnesses to appear at the hearing and produce evidence. The Exchange will make reasonable efforts to secure the presence of all other Persons called as witnesses whose testimony would be relevant.

(e) If during any disciplinary proceedings the Disciplinary Panel determines that a reasonable basis exists to believe that the respondent violated or is about to violate a Rule of the Exchange or a provision of Applicable Law other than the violations alleged in the notice of charges, the Disciplinary Panel may consider those apparent violations after providing the respondent with an opportunity to answer the additional allegations in accordance with Rule 707. In connection with considering apparent violations pursuant to this paragraph (e), the Disciplinary Panel may request that the Regulatory Oversight Department provide the Disciplinary Panel with any additional information.

(f) The Disciplinary Panel may summarily impose sanctions on any Participant, Authorized Trader or other Supervised Person that impedes or delays the progress of a hearing.

(g) The Exchange will arrange for any hearing conducted in connection with disciplinary proceedings to be recorded hearing verbatim, or substantially verbatim, in a manner capable of accurate transcription. If the respondent requests a copy of all or portions of the recording of a hearing, the chairman of the Disciplinary Panel may within his or her sole discretion order the respondent to pay the costs for transcribing the recording of the hearing.

(h) No interlocutory appeals of rulings of any Disciplinary Panel or chairman of the Disciplinary Panel are permitted.

#### **RULE 714. Decision of Disciplinary Panel**

(a) As promptly as reasonable following a hearing, the Disciplinary Panel will issue an order rendering its decision based on the weight of the evidence contained in the record of the disciplinary proceedings. A decision by a majority of the Disciplinary Panel will constitute the decision of the Disciplinary Panel.

(b) The Exchange will serve a copy of the order of the disciplinary proceedings on the respondent and the Regulatory Oversight Department. The order will include:

- (i) the notice of charges or summary of the allegations;
  - (ii) the answer, if any, or a summary of the answer;
  - (iii) a brief summary of the evidence introduced at the hearing;
  - (iv) findings of fact and conclusions concerning each allegation, including each specific Rule of the Exchange and provision of Applicable Law that the respondent is found to have violated;
  - (v) the imposition of sanctions, if any, and the effective date of each sanction;
- and
- (vi) notice of the respondent's right to appeal pursuant to Rule 716.

(c) Unless a timely notice of appeal is filed pursuant to Rule 716, the order of the disciplinary proceedings will become final upon the expiration of 20 days after the order is served on the respondent and a copy thereof is provided to the Regulatory Oversight Department.

#### **RULE 715. Sanctions**

(a) After notice and opportunity for hearing in accordance with the GreenEx Rules, the Exchange will impose sanctions if any Participant, Authorized Trader, other Supervised Person or other Person using any of the Participant's User IDs is found to have violated or to have attempted to violate a Rule of the Exchange or provision of Applicable Law for which the Exchange possesses disciplinary jurisdiction. The Exchange may impose one or more of the following sanctions or remedies: (i) censure; (ii) limitation on Trading Privileges or other activities, functions or operations; (iii) suspension of Trading Privileges; (iv) fine (subject to paragraph (b) below); (v) restitution or disgorgement; (vi) termination of Trading Privileges; or (vii) any other sanction or remedy deemed to be appropriate.

(b) The Exchange may impose a fine of up to \$500,000 for each violation of a Rule of the Exchange or a provision of Applicable Law. If a fine or other amount is not paid within 30 days of the date that it becomes payable, then interest will accrue on the sum from the date that it became payable at the quoted prime rate plus three percent. The Exchange has sole discretion to select the bank on whose quotations to base the prime rate. Each Participant will be responsible for paying any fine or other amount imposed on, but not paid by, any of its Authorized Traders or Supervised Persons.

#### **RULE 716. Appeal from Disciplinary Panel Decision, Summary Impositions of Fines and Other Summary Actions**

(a) Each respondent found by the Disciplinary Panel to have violated (or, in the case of a Participant, whose Authorized Trader, Supervised Person or other Person using its User ID was found to have violated) a Rule of the Exchange or a provision of Applicable Law or who is subject to any summary fine imposed pursuant to Rule 717 or any summary action imposed pursuant to Rule 718 may appeal the decision within 20 days of receiving the order of the disciplinary proceedings or the notice of summary action, as the case may be, by filing a notice of appeal with the Chief Regulatory Officer. While an appeal is pending, the effect of the order of disciplinary proceedings or the summary action (including any sanctions, remedies or costs imposed thereby) shall be suspended, except as provided in Rule 701(f) with respect to any denial or limit on Trading Privileges.

(b) The notice of appeal must state in writing the grounds for appeal, including the findings of fact, conclusions or sanctions to which the respondent objects. An appellant may appeal the order of disciplinary proceedings or any summary decision on the grounds that:

(i) the order or decision was arbitrary, capricious, an abuse of discretion, or not in accordance with the GreenEx Rules;

(ii) the order or decision exceeded the authority or jurisdiction of the Disciplinary Panel, the Chief Regulatory Officer or the Exchange;

- (iii) the order or decision failed to observe required procedures;
- (iv) the order or decision was unsupported by the facts or evidence; or
- (v) the imposed sanctions, remedies or costs are inappropriate or unsupported by the record.

(c) The Chief Regulatory Officer will forward copies of any notice of appeal received by it to all parties to the disciplinary proceeding or summary action, as the case may be, except the appellant. On or before the 20th day after filing a notice of appeal, the appellant must file with the Chief Regulatory Officer and serve on the Regulatory Oversight Department a brief supporting the notice of appeal and documents supporting the brief. On or before the 20th day after the date on which the appellant serves their supporting brief, the appellee must file and serve its brief in opposition. On or before the 10th day after the date on which the appellee serves its brief in opposition, the appellant must file and serve a brief in reply.

(d) In connection with any appeal, the Regulatory Oversight Department will furnish to the Chief Regulatory Officer and to the respondent/appellant a transcript of the hearing, any exhibits introduced at the hearing, the notice of appeal and briefs filed to support and oppose the appeal.

(e) Within 30 days after the last submission filed pursuant to paragraph (c) above, the Board will appoint the Appeal Panel to consider and determine the appeal. Within 10 days of being notified of the appointment of the Appeal Panel, an appellant may seek to disqualify any individual named to the Appeal Panel for the reasons identified in GreenEx Rules or for any other reasonable grounds, by serving written notice on the Chief Regulatory Officer. By not timely filing a request for disqualification, the appellant will be deemed to have waived any objection to the composition of an Appeal Panel. The general counsel of the Exchange will decide the merits of any request for disqualification within his or her sole discretion.

(f) The Appeal Panel may hold a hearing to allow parties to present oral arguments. Any hearing will be conducted privately and confidentially. Notwithstanding the confidentiality of hearings, the Appeal Panel may appoint an expert to attend any hearing and assist in the deliberations if such individuals agree to be subject to appropriate confidentiality agreements. In determining procedural and evidentiary matters, the Appeal Panel will not be bound by evidentiary or procedural rules or law.

(g) The Appeal Panel will only consider on appeal the record before the Disciplinary Panel or, in the case of a summary action, the record considered by the Chief Regulatory Officer, the notice of appeal, the briefs filed in support and opposition of the appeal, and any oral arguments of the parties. The Appeal Panel may only consider new evidence when the Appeals Panel is satisfied that good cause exists on why the evidence was not introduced during the disciplinary proceeding or when imposing the summary action.

(h) After completing its review, the Appeals Panel may affirm, modify or reverse any order of the disciplinary proceedings or summary action under appeal, in whole or in part, including increasing, decreasing or eliminating any sanction or remedy imposed, imposing any other sanction or remedy authorized by the GreenEx Rules, or remanding the matter to the same

or a different Disciplinary Panel for further disciplinary proceedings or for reconsideration by the Chief Regulatory Officer. The Appeal Panel may order a new hearing for good cause or if the Appeals Panel deems it appropriate.

(i) As promptly as reasonably possible following its review, the Appeal Panel will issue a written decision on appeal rendering its decision based on the weight of the evidence before the Appeal Panel. The decision of the Appeal Panel will include a statement of findings of fact and conclusions for each finding, sanction, remedy and cost reviewed on appeal, including each specific Rule of the Exchange and provision of Applicable Law that the respondent is found to have violated, if any, and the imposition of sanctions, remedies and costs, if any, and the effective date of each sanction, remedy or cost.

(j) The Appeal Panel's written order on appeal (including findings of fact and conclusions and the imposition of sanctions, remedies and costs, and the effective date of any sanction, remedy cost) will be the final action of the Exchange and will not be subject to appeal within the Exchange.

#### **RULE 717. Summary Imposition of Fines**

(a) The Chief Regulatory Officer may summarily impose a fine against a Participant (on behalf of itself or any of its Authorized Traders, other Supervised Persons or other Persons using any of its User IDs) or Authorized Trader for failing:

(i) to make timely payments of original or variation margin, Options premiums, fees, cost, charges or fines to the Exchange or the Clearing House;

(ii) to make timely and accurate submissions to the Exchange of notices, reports or other information required by the GreenEx Rules; and

(iii) to keep any books and records required by the GreenEx Rules.

(b) The Regulatory Oversight Department, acting on behalf of the Chief Regulatory Officer, will give notice of any fine imposed pursuant to this Rule 717 to each Participant or Authorized Trader subject thereto. The notice will specify (i) the violations of the GreenEx Rules for which the fine is being imposed, (ii) the date of the violation for which the fine is being imposed and (iii) the amount of the fine. Within 20 days of serving the notice of fine, the Participant or Authorized Trader, as the case may be, must either pay or cause the payment of the fine or file notice of an appeal pursuant to Rule 716. Unless timely notice of appeal is filed pursuant to Rule 716, the fine will become final upon the expiration of 20 days after the notice of fine is served on the Participant or Authorized Trader, as the case may be.

(c) The Exchange will set the amount of any fines imposed pursuant to this Rule 717, with the maximum fine for each violation not to exceed \$5,000. Summary imposition of fines pursuant to this Rule 717 will not preclude the Exchange from bringing any other action against the Participant (or any of its Authorized Traders or other Supervised Persons) or Authorized Trader, as the case may be.

#### **RULE 718. Summary Suspensions and Other Summary Actions**

(a) Notwithstanding anything in the GreenEx Rules to the contrary, the Chief Regulatory Officer may, after consultation with the Regulatory Oversight Committee, if practicable, summarily suspend, revoke, limit, condition, restrict or qualify the Trading Privileges of a Participant, and may take other summary action against any Participant or any of its Supervised Persons in accordance with the GreenEx Rules; provided, however, that the Chief Regulatory Officer must reasonably believe that the business, conduct or activities of the Participant or Supervised Person in question is not in the best interests of the Exchange or the marketplace, including based on any of the following: (i) statutory disqualification from registration as provided in CEA Section 8a(2) or (3); (ii) non-payment of fees, costs, charges, fines or arbitration awards; or (iii) the reasonable belief that immediate action is necessary to protect the public or the best interests of the Exchange.

(b) Whenever practicable, the Regulatory Oversight Department, acting on behalf of the Chief Regulatory Officer, shall provide prior written notice to the party against whom any action in accordance with paragraph (a) shall be taken. If prior notice is not practicable, the Exchange will give notice at the earliest possible opportunity to the respondent against whom the action is brought. The Regulatory Oversight Department, acting on behalf of the Chief Regulatory Officer, will prepare a notice of summary action (which will state the action, the reasons for the action, and the effective time, date and duration of the action) and serve the notice on such party.

(c) Unless timely notice of appeal is filed pursuant to Rule 718, the summary action will become final upon the expiration of 20 days after the notice of action is served on the respondent.

(d) At the request of the Exchange or the Clearing House, a respondent against whom a summary action is brought pursuant to this Rule 718 must provide books and records over which the respondent has access or control and must furnish information to, or appear or testify before, the Exchange or the Clearing House in connection with the enforcement of any Rule of the Exchange or Rule of the Clearing House.

(e) A respondent whose Trading Privileges are suspended, revoked, limited, conditioned, restricted or qualified pursuant to this Rule 718 may apply for reinstatement by filing with the Regulatory Oversight Department a written request stating the applicant's reasons for seeking reinstatement. The Exchange will not consider a respondent's request for reinstatement if the respondent (i) owes any fines, fees, charges or costs to the Exchange, (ii) continues to fail to appear at disciplinary proceedings without good cause or (iii) continues to impede the progress of disciplinary proceedings.

(f) Within a reasonable period after the filing of a request for reinstatement, the Appeals Panel will conduct a hearing to consider the request. At the hearing for reinstatement, the respondent will present its, his or her case supporting the reinstatement and the Regulatory Oversight Department, acting on behalf of the Chief Regulatory Officer may, in its discretion, present its case opposing or supporting the reinstatement and each may present relevant and admissible evidence and facts and call, examine and cross-examine witnesses. At the hearing for reinstatement, the Exchange may require any Participant, Authorized Trader or other Supervised

Person to appear as witnesses and produce evidence if the Appeals Panel determines that the evidence is relevant.

(g) As promptly as reasonably possible after a reinstatement hearing, the Appeals Panel will issue an order reinstating, denying the reinstatement, or placing conditions on the reinstatement of the Trading Privileges of the respondent. The order will include a brief summary of the evidence introduced at the reinstatement hearing; and, if applicable, findings of fact and conclusions not contained in the notice of summary action issued pursuant to Rule 718(b) above. The Appeals Panel's order may not be appealed.

#### **RULE 719. Rights and Responsibilities after Suspension or Termination**

(a) When the Trading Privileges of a Participant or Authorized Trader are suspended for a period of 12 months or less, none of its rights and Trading Privileges (including the right to hold oneself out to the public as a Participant or Authorized Trader, enter Orders into the GreenEx Platform and receive Participant rates for fees, costs, and charges and deposit margin at Participant levels) will apply during the period of the suspension, except for the right of the Participant or Authorized Trader in question to assert claims against others as provided in the GreenEx Rules. Any such suspension will not affect the rights of creditors under the GreenEx Rules or relieve the Participant or Authorized Trader in question of its, his or her obligations under the GreenEx Rules to perform any Contracts entered into before the suspension, or for any Exchange fees, costs, or charges incurred during the suspension. The Exchange may discipline a suspended Participant or Authorized Trader under this Chapter 7 for any violation of a Rule of the Exchange or provision of Applicable Law committed by the Participant or Authorized Trader before, during or after the suspension.

(b) When the Trading Privileges of a Participant or Authorized Trader are terminated, all of its rights and Trading Privileges will terminate, except for the right of the Participant or Authorized Trader in question to assert claims against others, as provided in the GreenEx Rules. Any such termination will not affect the rights of creditors under the GreenEx Rules. A terminated Participant or Authorized Trader may only seek to reinstate its Trading Privileges by applying for Trading Privileges pursuant to Rule 302. The Exchange will not consider the application of a terminated Participant or Authorized Trader if such Participant or Authorized Trader, as the case may be, continues to fail to appear at disciplinary proceedings without good cause or continues to impede the progress of disciplinary proceedings.

(c) A suspended or terminated Participant or Authorized Trader remains subject to the GreenEx Rules and the jurisdiction of the Exchange for acts and omissions prior to the suspension or termination, and must cooperate in any inquiry, investigation, disciplinary proceeding, appeal of disciplinary proceedings, summary suspension or other summary action as if the suspended or terminated Participant or Authorized Trader still had Trading Privileges.

(d) In the event of the suspension or revocation of the Trading Privileges of a Participant, the Exchange shall seek to facilitate the transfer of any Customer Accounts held by such Participant to other Participants with Trading Privileges.

#### **RULE 720. Notice to the Respondent, the Regulatory Services Provider and the Public**



The Exchange will provide written notice of disciplinary proceedings to the parties and the Regulatory Services Provider consistent with applicable CFTC Regulations and Regulatory Services Provider rules and orders. Whenever the Exchange suspends, expels, fines or otherwise disciplines, or denies any Person access, to the Exchange, the Exchange will make the public disclosures required by CFTC Regulations.

## CHAPTER 8 ARBITRATION RULES

### **RULE 801. Disputes Subject to Arbitration**

#### (a) Mandatory Arbitration of Disputes Among Participants, Authorized Traders and Other Supervised Persons

It is contrary to the objectives and policy of the Exchange for Participants, Authorized Traders and other Supervised Persons to litigate Exchange-related disputes. Participants, Authorized Traders and other Supervised Persons must arbitrate in accordance with the rules of this Chapter 8 all disputes between or among themselves that relate to or arise out of any transaction on or subject to the GreenEx Rules that are based upon facts and circumstances that occurred at a time when the parties were Participants, Authorized Traders or other Supervised Persons. Notwithstanding the foregoing, this Rule 801 does not require an employee of a Participant to submit to arbitration any claim that includes allegations of a violation of federal, state or local employment discrimination, sexual harassment, wage payment or benefits laws.

#### (b) Claims Against the Exchange

Claims against the Exchange pursuant to the provisions of Rule 539.C., Rule 539.D., Rule 540.C., and/or Rule 541.C. shall be subject to mandatory arbitration in accordance with the rules of this Chapter 8, provided the claimant has complied with all pre-filing requirements under the applicable rule(s).

#### (c) Permissive Arbitrations

The following may be submitted for arbitration at the Exchange and, in the event such a claim is submitted against a Participant, Authorized Trader or a Supervised Person, that Participant, Authorized Trader or Supervised Person is required to arbitrate the dispute under these rules, unless otherwise provided:

(i) claims of a Customer that is not a Participant against a Participant, Authorized Trader or a Supervised Person that relate to or arise out of any transaction on or subject to the GreenEx Rules;

(ii) claims against a Participant and its Globex user pursuant to Rule 542, provided that any Globex user that is not a Participant or Supervised Person has consented to arbitration of the dispute at the Exchange within 21 days of receipt of a claim.

(iii) claims of a Customer that is not a Participant against a Clearing Member responsible for the delivery or performance of a Contract on or subject to the GreenEx Rules and/or against a Participant in connection with such a transaction; and

(iv) at the discretion of the Chief Regulatory Officer, any claim involving the interests of the Exchange, its Participants, their business relations or commodity Futures

trading in general not otherwise arbitrable under these rules, provided the parties have consented to such arbitration.

(d) Waiver of Any Objection to Jurisdiction

Any Participant, Authorized Trader, Supervised Person or Customer who is not a Participant who submits a claim or grievance to arbitration or any Participant, Authorized Trader, or Supervised Person who appeals to a hearing committee of the Board from any panel decision, or who takes any steps therein, shall be conclusively presumed to have voluntarily recognized and agreed to the jurisdiction of the panel or hearing committee of the Board to hear and determine the claim or appeal.

(e) Hearing Panel

Any claim involving only Participants, Authorized Traders or Supervised Persons shall be heard by a panel of Participants and its decision shall be rendered in accordance with the rules of this Chapter 8. A Participant panel shall mean an arbitration panel consisting of a co-chairman of the Arbitration Committee and five Participants (or senior officers of Participants).

**RULE 802. Customer Claims Against Participants**

(a) Definitions

(i) Customer. Customer shall mean any Person, not a Participant of the Exchange, who places an Order or for whose account an Order is placed for execution on the Exchange or who otherwise executes a transaction on or subject to the GreenEx Rules.

(ii) Claim. Claim shall mean any dispute arising out of any transaction on or subject to the GreenEx Rules.

(iii) Mixed Panel. Mixed Panel shall mean an arbitration panel consisting of a co-chairman of the Arbitration Committee and five Arbitration Committee members, three of whom shall be Persons who are non-Participants and who are not associated with any Participant or member of a contract market, or employee thereof, and are not otherwise associated with a Contract Market.

(iv) Participant. Participant as used in this Chapter 8 shall mean 1) Participants and Clearing Members; 2) associated persons (“APs”) and affiliates of Participants and Clearing Members; 3) guaranteed Introducing Brokers of Participants and Clearing Members and their APs; and 4) other Persons that have agreed in writing to comply with the GreenEx Rules.

(v) Punitive Damages. Punitive damages shall mean an award in excess of actual damages suffered. Punitive damages shall be limited to twice the amount of actual damages and may be awarded only to a Customer after a determination that there has been willful and wanton misconduct in the execution or handling of an Order by a Participant or a Supervised Person acting on behalf of a Participant.

(b) Refusal to Hear Certain Disputes

A chairman may, but shall not be required to, order that a dispute that is otherwise arbitrable under these rules not be arbitrated hereunder if the dispute requires for adjudication the presence of essential witnesses or third parties over whom the Exchange has no jurisdiction or who are not otherwise available, or if the dispute requires the application of the rules of another exchange.

(c) Initiation of Arbitration

In the event that a complaint is received by the Exchange from a Customer, it shall be referred to the Regulatory Oversight Department, which shall inform the Customer of alternative dispute settlement forums and, when appropriate, forward to the Customer a Consent Form for arbitration at the Exchange. Such form shall inform the Customer, by attachment of all pertinent rules, of the Customer's rights and liabilities, including costs associated with arbitration, and the Option of selecting an arbitration panel consisting of Participants or a Mixed Panel to decide the claim and any counterclaims, cross-claims or third-party claims.

A Customer who submits a claim for arbitration in accordance with these rules consents thereby to the jurisdiction of the arbitrators and agrees to the arbitration of any counterclaims, cross-claims or third-party claims by any respondent which arise out of the transaction that is the subject of the Customer's claim. The claim shall comply with the requirements of Rule 803, and in the case of a request for punitive damages, the claim shall set forth the facts the Customer intends to present in support of the claim that the misconduct was willful and wanton.

The Customer shall file a completed Consent Form and deposit the arbitration fee with the Regulatory Oversight Department. Notice shall then be given to the party against whom the claim is asserted, who shall respond to the claim in accordance with Rule 804.

(d) Referral to Arbitration Panel or Mixed Panel

A Customer claim against a Participant shall be heard by the type of panel selected by the Customer and its decision shall be rendered in accordance with the rules of this Chapter. Customer claims (and any counterclaims, cross-claims or third-party claims applicable thereto) that do not exceed \$5,000 and do not include any claim for punitive damages may, in the interests of efficiency and economy, be resolved without hearing. The panel shall render its decision based upon the parties' written submissions and any other relevant information obtained and provided to the panel and the parties at the direction of the chairman and/or the panel.

**RULE 803. Initiating an Arbitration Claim**

A claimant may initiate a claim by submitting a written description of the dispute, a completed Arbitration Cover Sheet and depositing the appropriate arbitration fee with the Regulatory Oversight Department within the period of eligibility for arbitration claims. The written claim shall include a clear description of the facts and circumstances involved in the dispute, including the transaction(s) or agreement(s) complained of, the names of the Persons alleged to be responsible for any loss to the claimant, the dates of all acts or omissions relevant to the claim, a detailed calculation of the amount claimed and any other information necessary to fully describe the dispute.

The Regulatory Oversight Department shall reject for filing any claim that does not fully describe the dispute, is clearly filed after the period of eligibility has expired or is clearly not arbitrable at the Exchange. Such a claim will be promptly returned to the filing party with a notice describing the deficiency. A claimant seeking to correct the deficiency and file an amended claim may do so within 30 days of receiving notice describing the deficiency despite any expiration of the period of eligibility prescribed by Rule 810 during that 30-day period. The acceptance for filing by the Regulatory Oversight Department shall not preclude a challenge to the arbitrability of the claim nor create a presumption that the claim is arbitrable.

#### **RULE 804. Answering an Arbitration Claim**

Each respondent shall file a written response within 21 days after receipt of the written claim. However, if a party has timely filed a challenge to the arbitrability of the dispute, its response shall be due 21 days after receipt of the written decision confirming the arbitrability of the dispute.

The written answer must admit the claim or describe the respondent's basis for denying liability to the claimant(s). The answer may include an admission or denial of each specific allegation contained in the claim and/or the respondent's narrative description of the facts and circumstances involved in the dispute. A respondent may assert in an answer any defense that would be available in a court of law or equity, including any affirmative defense.

#### **RULE 805. Failure to Answer**

A respondent's unexcused failure to file a timely answer shall constitute an admission of the facts alleged in a claim.

#### **RULE 806. Counterclaims, Cross-Claims and Third-Party Claims**

A respondent may assert any counterclaim, cross-claim and/or third-party claim to the extent such claim would be allowable as an original claim under these rules and, in response to claims by a Customer against a Participant, the Participant may assert any counterclaim, cross-claim and/or third-party claim arising out of the same transaction or incident that is the subject of the Customer's claim. Each respondent must file any counterclaim, cross-claim or third-party claim at the same time an answer to a claim is due. Initiating counterclaims, cross-claims, third-party claims and answers thereto shall conform to the requirements for initiating and answering original claims.

A respondent who believes that another Participant may have a claim to any money or property which is the subject of a dispute in arbitration and that the failure of that other Participant to assert a claim in the pending arbitration could prejudice the interests of the respondent may submit a request to the chairman to compel the participation of the other Participant. If a Participant fails to file such claim after being ordered to assert that claim in the pending arbitration, then notwithstanding any other rule, that Participant shall be barred from asserting in the future any claim against the respondent that is based on the same transaction, occurrence or subject.

#### **RULE 807. Review of Arbitrability**

Any party may file a challenge to the arbitrability of a dispute submitted for arbitration at the Exchange. A party's failure to file a timely challenge to arbitrability shall waive any right to object thereafter to the arbitrability of the dispute.

A challenge to arbitrability by a claimant must be filed no later than 5 days after the claim is submitted for arbitration. A challenge to arbitrability by a respondent must be filed no later than 10 days after the respondent has received notice of the claim. The request must be in writing and state the reasons why the dispute is not arbitrable at the Exchange. Any other party may file a written response in support of or opposition to the challenge no later than 10 days after receiving notice of the challenge to arbitrability.

The chairman may decide the arbitrability of a dispute based on his consideration of the written submissions of the parties. The chairman's decision shall be final and is not appealable.

#### **RULE 808. Consolidation of Arbitration Disputes**

If a chairman receives notice that two or more arbitration disputes pending at the Exchange are related, the chairman may order that any or all of the disputes be consolidated for purposes of conducting a hearing on the disputes. In determining whether to consolidate the disputes the chairman may consider the efficiencies of consolidation as well as the burdens and benefits to the parties in consolidating the disputes.

#### **RULE 809. Withdrawal of Claims**

(a) A party may voluntarily withdraw its claim, counterclaim, cross-claim or third-party claim without prejudice at any time before an answer thereto has been filed by notifying the Regulatory Oversight Department in writing of such withdrawal.

(b) After an answer to any claim, counterclaim, cross-claim or third-party claim has been filed, the claimant seeking to withdraw the claim, counterclaim, cross-claim or third-party claim must submit to the chairman a written request to withdraw with prejudice or upon such terms and conditions as may be imposed by the chairman.

(c) A withdrawal with prejudice under this rule shall bar the claimant from re-filing any claim based on the same acts, transactions or omissions as the dismissed claim.

#### **RULE 810. Period of Eligibility for Arbitration**

An arbitration must be initiated within two years of the date the claimant knew or should have known of the dispute on which the claim is based, except that claims filed pursuant to Rule 801(c) must be submitted within 10 days of receiving notice that the Exchange has refused to compensate the claimant for the claimed loss.

Counterclaims, cross-claims and third-party claims must be submitted no later than the date on which the answer is due.

## **RULE 811. Parallel Proceedings**

No claim will be accepted for arbitration at the Exchange if the Regulatory Oversight Department receives notice that another arbitration, reparations action or civil court proceeding based on the same act, transaction or omission as the arbitration claim is pending at the time of filing.

No claim, counterclaim, cross-claim or third party-claim will be accepted for arbitration against a respondent if the Regulatory Oversight Department has received notice that a stay exists due to the pendency of any bankruptcy proceeding against that respondent. If such a stay arises after a claim is accepted for arbitration or if the Regulatory Oversight Department subsequently learns that such a stay is pending, the claim shall be dismissed without prejudice as to each respondent who is the subject of the stay. Nothing in this rule shall prevent a claim in arbitration from proceeding against any remaining respondent.

## **RULE 812. Requests for Documents, Information or Testimony**

(a) The initial schedule for document requests by parties and responses will be set by the Regulatory Oversight Department. The chairman may require any Participant, or any Person employed by or associated with a Participant to produce relevant documents in his or her possession or control at any time after a claim has been filed.

Upon the failure of a party or Participant to voluntarily produce relevant documents in its possession or control upon request by a party, the party seeking the documents may submit a written request to the chairman for an order compelling the production of such documents.

(i) Any request for an order compelling production of documents must:

(A) identify each document or type of document sought with as much specificity as possible;

(B) explain the relevance of each document or type of document sought; and

(C) include a representation that the requesting party has attempted to obtain the documents from the responding party before resorting to a request to the chairman.

(ii) The party or Participant against whom an order compelling production is sought shall:

(A) produce copies of the requested documents to the requesting party and the Exchange; or

(B) represent in writing that the documents are not in his possession or control and explain the basis for such representation, and, if applicable, identify who is in possession or control of the requested documents; or

(C) object in writing to a request and provide the basis for each objection.

(b) In connection with any claim, counterclaim, cross-claim or third-party claim that seeks relief in excess of \$50,000, any party may seek leave from the chairman to serve written requests for information on any other party. The chairman shall have discretion to determine whether and under what circumstances such requests may be permitted.

(c) The chairman may require any Participant, or any Person employed by or associated with a Participant, to appear and to testify at a hearing.

(d) Whenever such production or appearance results from the request of a party, all reasonable costs and expenses incurred shall be borne by the party making the request, unless directed otherwise by the panel. A party who incurs costs and expenses recoverable under this rule may, no later than the close of the last hearing date in the matter, submit an application to the panel for such costs and expenses. Such application shall contain a detailed explanation of amounts claimed. The panel may grant or deny all or any portion of the application.

(e) Any Participant or employee thereof failing to appear, testify, produce documents or provide information in accordance with this rule may be charged with a violation of the GreenEx Rules.

#### **RULE 813. Documents and Witnesses to be Presented at Hearing**

No later than 10 business days prior to the first scheduled hearing, each party must provide every other party and the Exchange with copies of all documents that the party intends to offer into evidence and a list of the names of all witnesses, including party-witnesses, who the party intends to call at the hearing in support of a claim or defense. Parties are not required under this rule to provide copies of those documents that they may use, or to identify any witnesses whom they may call, only in cross-examination or rebuttal.

#### **RULE 814. Additional Procedures**

The chairman may establish any procedures not otherwise contemplated by these rules necessary to establish a just, equitable and efficient method of resolving a particular dispute, except that the chairman may not decide a motion to dismiss a claim, as motions to dismiss are not permitted under these rules.

#### **RULE 815. Arbitration Panel**

##### **(a) Appointment of Arbitration Panel**

The Regulatory Oversight Department shall select a panel of arbitrators from the Exchange's Arbitration Committee to hear and decide a dispute. The panel shall consist of five arbitrators and one chairman.

##### **(b) Requests to Remove an Arbitrator**



(i) Each party may request the removal of any arbitrator(s) from a panel for good cause shown. Such request must be made no later than the start of testimony at the first scheduled hearing. Failure of a party to timely request the removal of any arbitrator(s) will be deemed a waiver of that party's right to any further objection to the arbitrator's participation in the hearing and decision of the dispute.

(ii) The chairman, after considering a request to remove an arbitrator, another party's objections thereto and/or the statements of an arbitrator whose removal is sought, may deny the request or excuse the arbitrator. The chairman's decision shall be final and may not be appealed.

(iii) If an arbitrator is excused prior to the date of the first scheduled hearing, the Regulatory Oversight Department shall select another Arbitration Committee Participant to replace the excused arbitrator at the hearing. Parties may make any appropriate request for the removal of the replacement arbitrator under this rule.

(iv) If an arbitrator is excused on or after the date of the first scheduled hearing, the dispute may, at the election of the non-requesting party and with the consent of the chairman be heard and decided by the remaining arbitrators.

#### **RULE 816. Hearing Procedures**

(a) Chairman

The panel chairman shall preside over the proceeding and shall make such determinations on relevancy and procedure as will promote a fair and expeditious adjudication of any claim. The chairman may administer oaths or affirmations by witnesses. Upon request of the panel chairman, the Regulatory Oversight Department shall submit any documents to the panel and parties in the Exchange's possession that are relevant and readily available.

(b) Arbitrators

The arbitration panel shall consider all relevant, probative testimony and documents submitted by the parties. The panel shall be the sole judge of the law and the facts, but if the panel is in doubt as to any questions of law, it may refer the question to Exchange or the Regulatory Services Provider's legal counsel for an opinion. The panel shall not be bound by the formal rules of evidence. The final decision of the panel shall be by majority vote of the arbitrators, and the chairman shall vote only to resolve a tie.

(c) Parties and their Representatives

Each party and his representative has the right to examine all relevant documents prior to and during the hearing, to present all relevant evidence in support of a claim or defense or as rebuttal to a claim or defense, and to question during the hearing witnesses presented in connection with a claim or defense. An entity may have one corporate representative of the entity, in addition to any counsel of record, attend the arbitration hearing. Such corporate representative will not be precluded from testifying in the matter.

(d) Witnesses

All testimony offered to the panel will be under oath or affirmation. Witnesses will be permitted in the hearing room only while providing testimony to the panel. Witnesses shall testify in person at the hearing, except that for good cause shown and in the discretion of the chairman, a witness may be allowed to testify by telephone or other appropriate means.

(e) Hearing Record

An audio recording of the proceeding shall be made and maintained until the decision becomes final. A verbatim record of such recording shall not be transcribed unless requested by a party, who shall bear the cost of transcription.

**RULE 817. Awards**

(a) Decision by Panel

After a hearing, or, on Customer claims that do not exceed \$5,000 upon consideration of the pleadings and other relevant information, the arbitration panel shall issue a written decision signed by the panel chairman and at least a majority of the panel. The panel may decide any matter in controversy and issue any order the panel deems necessary to fully resolve the dispute. The Regulatory Oversight Department shall promptly serve copies on all parties. A monetary award made by the panel may include the following:

- (i) actual damages;
- (ii) interest thereon;
- (iii) punitive damages of no more than two times the amount of actual damages in accordance with Rule 802(a)(v);
- (iv) the arbitration fee incurred by a prevailing party, or a portion thereof; and
- (v) all or any portion of the administrative costs of the proceeding and any other reasonable and necessary expenses, including, but not limited to, attorneys' fees (a) incurred by a party by reason of another party's frivolous or bad faith claim, defense, or conduct during the arbitration or (b) where a statutory or contractual basis exists for awarding such fees. Requests for attorneys' fees and costs incurred in the arbitration proceeding must be raised in the proceeding or they are waived.

(b) Decision by the Chairman

The chairman may order a party who fails to prosecute or defend a claim to pay to the Exchange all or a portion of its administrative costs incurred in connection with the arbitration claim.

(c) Limitations on Monetary Awards

Monetary awards in claims filed pursuant to Rule 822 shall be limited as set forth in Rule 539.

**RULE 818. Correction of Award**

Any party may, within three days after receipt of the notice of decision, request the arbitration panel to modify or correct its decision where there has been an obvious material miscalculation or misdescription or where the notice is imperfect in a matter of form not affecting the merits of

**RULE 819. Satisfaction of Award**

A party directed to pay an award shall submit payment of the amount due directly to the party receiving the award. An arbitration award must be satisfied within 15 days of receipt of the notice of decision. If a request is made to correct an award pursuant to Rule 818, the award must be satisfied within 15 days of receipt of the corrected notice of decision.

A party making payment must submit proof of payment to the Regulatory Oversight Department no later than the business day following payment. An individual Participant who fails to provide proof of payment within the time prescribed will forfeit the privileges of access to the Globex trading platform and preferred fee treatment until proof of payment has been provided. An entity Participant that fails to provide proof of payment within the time prescribed will forfeit preferred fee treatment for its proprietary trading. Any Participant that fails to pay an arbitration award within the time prescribed may be subject to sanctions pursuant to Chapter 7.

**RULE 820. Appeals**

Any decision rendered in a dispute among Participants, Authorized Traders or other Supervised Persons resulting in a non-cash award or involving a claim, counterclaim, cross-claim or third-party claim that sought a recovery over \$10,000 may be appealed to a hearing committee of the Board. All other decisions rendered by an arbitration panel are final and may not be appealed. In order to appeal a decision, a party must, within three business days of receipt of the notice of decision, file with the Regulatory Oversight Department a written notice stating the grounds for the appeal based upon the standards set forth in Rule 821 and deposit the applicable fee established by the Exchange. Within 15 days of receipt of the notice of decision, the appellant must deposit with the Regulatory Oversight Department a cashier's or certified check payable to the Exchange in the amount of any monetary award against such appellant.

Failure to timely comply with these requirements for appeal, when applicable, shall constitute a waiver of any right to appeal and render the arbitrators' decision final and binding.

Within 15 days after filing a notice of appeal, the appellant shall file with the Regulatory Oversight Department any argument and any documents or information that the appellant intends to use in support of the appeal. The appellee shall have 15 days thereafter to file whatever documents or information he intends to rely upon in opposition to the appeal. An extension beyond the 15-day filing period may be granted by the Regulatory Oversight Department upon a showing of good cause. In the case of a non-cash award, the filing of the notice of appeal shall not stay the decision appealed from unless the panel from which the appeal is taken or the Chief Regulatory Officer specifically directs that the decision be stayed.

The appeal shall be heard by a hearing committee of the Board. The hearing committee shall consist of three directors appointed by the Chairman of the Board, one of whom the Chairman of the Board shall designate as chairman of the hearing committee. No director may serve on a hearing committee if he has a personal or financial interest in the matter under consideration. A party may strike any member of the hearing committee for good cause shown as determined by the Chief Regulatory Officer, in which event that director shall be excused from hearing the matter. The Chairman of the Board shall then select an alternate participant from the Board. Any meeting of the hearing committee shall require the presence of each director appointed to the committee and shall be conducted by the chairman of the hearing committee. The parties may, upon unanimous consent, waive the right to hearing, and the hearing committee may consider the matter based solely on the parties' written submissions.

#### **RULE 821. Standards and Procedures for Review upon Appeal**

In the following cases, the hearing committee may enter an order amending or vacating the award of the arbitration panel:

- (a) Where the award was procured by corruption, fraud or undue means;
- (b) Where there was evident partiality or corruption on the part of any of the arbitrators or the chairman;
- (c) Where the arbitrators were guilty of misconduct in refusing to hear relevant evidence; or of any other behavior by which the rights of any party have been prejudiced;
- (d) Where the arbitrators exceeded their powers, or so imperfectly executed them that a mutual, final, and definite award upon the dispute submitted was not made; or
- (e) Where the arbitrators acted in manifest disregard of the applicable law, including GreenEx Rules.

The hearing committee shall consider only the record made before the panel and any other evidence submitted by the parties relevant to (a) through (e) above. In the event that the hearing committee determines to vacate the award, the matter shall be resubmitted to a new panel of arbitrators for a rehearing. In the event that the hearing committee amends the award or denies the appeal, such decision of the hearing committee shall be final and binding..

#### **RULE 822. Certain Claims against the Exchange Involving Trading Systems or Services**

- (a) General

All claims arising out of or relating to the following matters shall be arbitrated in accordance with the specific requirements of this Rule 822 and, to the extent not inconsistent with such requirements, the rules of this Chapter:

- (i) receipt of an incorrect Order status or the failure to have received an appropriate Order status;

- (ii) the negligence of GCC Personnel or any other Exchange staff; or
- (iii) Phantom Orders, as defined in Rule 541.

Nothing in this Rule 822 or Rule 823 shall be construed to create a claim against the Exchange, to limit a defense available to the Exchange, or to obviate or modify any limitation of Exchange liability imposed by any other rule.

(b) Initial Liability Claim and Demand for Arbitration

The initial claim of loss, including a detailed description of any loss suffered, must be made to the Exchange within ten business days of the date of the incident that caused the loss. The Exchange shall have 30 business days to pay or deny the claim in whole or in part. If the Exchange denies the claim in whole or in part, the claimant must file a written demand for arbitration with the Regulatory Oversight Department within ten business days after the Exchange has notified the claimant of such denial. A claimant's failure to pursue its claim within these time limits shall bar any recovery on such claim.

(c) Selection of Arbitration Panel

The arbitration panel shall consist of three non-Participant arbitrators from the Exchange's Arbitration Committee. The panel shall choose a chairman.

(d) Related Claims

All claims arising out of the same system failure, event or alleged negligent act shall, to the extent practicable in the determination of the chairman, be consolidated for a single hearing.

(e) Award

Within 30 days of completion of the hearing, the panel shall issue a written decision. The award shall be limited to the lesser of the actual loss or the loss that would have been incurred if the claimant had used its best efforts to mitigate the loss. Punitive damages, loss of profits, loss of use, and indirect, incidental or consequential damages shall not be awarded. The decision of a majority of the panel shall be final and binding, and there shall be no appeal to a hearing committee of the Board of Directors. A party may move, within three business days of the award, that the award be corrected to remedy any miscalculation or misdescription or where the award is otherwise imperfect in a matter of form not affecting the merits of the award.

(f) Satisfaction of Award by Exchange

The Exchange shall satisfy any award against it subject to its limitation of liability rules and the rules respecting proration among claimants where damages allowed for a defined period of time exceed any limit imposed by GreenEx Rules. The Exchange may delay paying any award until such time as any applicable proration or limitation can be finally calculated.

## **RULE 823. Claims Relating to Trade Cancellations or Price Adjustments**

### (a) General

All claims relating to price adjustments or trade busts pursuant to Rule 542 shall be arbitrated in accordance with the specific requirements of this Rule 823 and, to the extent not inconsistent with such requirements, the rules of this Chapter.

### (b) Initiation of Claim

Any claim for loss under Rule 542 must first be submitted to the Exchange as described in Rule 542.E. Following a denial of liability by a party responsible for a trade bust or price adjustment and by the clearing firm through which the trade was placed, the claimant may file an arbitration claim with the Regulatory Oversight Department. The Regulatory Oversight Department shall administer the arbitration and provide notice to all parties.

The party alleged to have made the trade that caused the trade bust or price adjustment and the clearing firm through which that trade was placed both may be respondents in the arbitration. Any party responsible for a trade bust or price adjustment who is not otherwise subject to arbitration under these rules may voluntarily submit to such arbitration by filing a submission agreement with the Regulatory Oversight Department within 21 days of that party's receipt of notice of the referral to arbitration. In the absence of the voluntary submission to arbitration by such party, the arbitration shall proceed solely against the clearing firm through which the trade was placed, and that firm shall be liable for any damages awarded by the panel.

### (c) Related Claims

All claims arbitrable under this rule that arise out of a trade bust or price adjustment that was caused by the same incident shall, to the extent practicable in the determination of the chairman, be consolidated for a single hearing.

### (d) Award

Within 30 days of completion of the hearing, the panel shall issue a written decision signed by a majority of the arbitrators. Except as provided below, the claims shall be limited to realized losses. Any award shall be made jointly and severally against the respondents. In the event the panel finds the respondent(s) liable for the full amount of the claim, the panel shall also award the claimants their costs and attorneys fees incurred in connection with arbitrating the claim. Punitive damages, loss of profits, loss of use, and indirect, incidental or consequential damages shall not be awarded. The decision of a majority of the panel shall be final and may not be appealed.

(e) A party may move, within three business days of the award, for an order correcting or modifying the award to remedy any miscalculation or misdescription or where the award is otherwise imperfect in a matter of form not affecting the merits of the award.

**RULE 824. Right to Counsel**

Every Person is entitled to represent his own interests, be represented by an attorney at law of his choosing and at his own expense who is admitted to practice before the highest court in any State, or be represented by any other non-compensated representative at any stage of an arbitration proceeding at the Exchange. An entity must be represented by an officer or owner of the entity or by an attorney at law.

**RULE 825. Computation of Time**

For the purposes of this Chapter, when a period of time is prescribed by a number of days, and not a specific date, the first day counted for the time prescribed is the day after notice is received or other event giving rise to the period of time occurs. Any submission is due or the time to take action shall lapse by the close of business on the last day counted, unless the last day is a weekend or Exchange holiday, in which case the due date shall be the next following day the Exchange is open for business.

For time periods of five days or less only days the Exchange is open for business will be counted. For all other time periods calendar days will be counted.

**RULE 826. Submissions to or Communications with the Panel**

Any submission for consideration by a chairman or panel must be submitted to the Regulatory Oversight Department with copies simultaneously served on each other party or designated representative of a party.

After a dispute has been submitted for arbitration, a Person filing the claim or required to respond to the claim and any Person asked to provide documents, information or testimony in connection with such claim shall not contact any member of a panel appointed to hear the claim for any purpose related to the dispute described by the claim.

**RULE 827. Arbitration Fees**

Any Person submitting an arbitration claim or appealing a decision of an arbitration panel shall remit the applicable fees as may be determined by the Exchange at the time of submission or appeal, in order for such action to be effective.

**RULE 828. Arbitration Committee**

Each member of the Arbitration Committee shall:

(a) be appointed by the Board on an annual basis;

(b) pledge to the Exchange that he will not publish, divulge, or make known in any manner any facts or information which may come to his attention while performing his duties as a member of the Arbitration Committee, except when reporting to the Board, or to a committee concerned with such information, or when called upon to respond in any judicial or administrative proceeding;

(c) comply with the standards of the American Bar Association-American Arbitration Association's "Code of Ethics for Arbitrators in Commercial Disputes" which the Exchange hereby adopts as its own code of ethics for arbitrators;

(d) pledge to immediately disclose any matter, relationship or interest with any party or the subject of a dispute which may affect the arbitrator's ability to be, or create the appearance that the arbitrator is not, impartial in deliberating and deciding a dispute; and

(e) promptly give notice to the Regulatory Oversight Department of any ex parte communication directed to such Arbitration Committee member which is prohibited by Rule 826.



## **CHAPTER 9 CLEARING**

### **RULE 901. Clearing of Contracts**

All Contracts shall be cleared through the Clearing House in accordance with this Chapter 9.

### **RULE 902. Qualifications of Clearing Members**

Any clearing member of the Clearing House authorized by the Clearing House under the Rules of the Clearing House may apply for Clearing Membership of the Exchange. Applicants for Clearing Membership of the Exchange must satisfy the following criteria: (a) be a clearing member of the Clearing House; (b) be a Participant; and (c) satisfy the Participant criteria set out in Rule 301. The Clearing House may assist the Exchange in evaluating and monitoring a Clearing Member's compliance with these criteria. By becoming a Clearing Member, a Clearing Member and its Supervised Persons agree to cooperate with the Clearing House in any such monitoring.

Clearing Members shall have the right to clear Contracts in accordance with the GreenEx Rules. A clearing member of the Clearing House that desires to become a Clearing Member shall apply using the Exchange application form, providing the information, and following the procedures established by the Exchange. Clearing Members shall have the right to access and to trade on the GreenEx Platforms, provided they become a Participant, subject to GreenEx Rules.

### **RULE 903. Clearing House Rules**

The clearing services provided by the Clearing House with respect to any Contract, and the rights and obligations of purchasers and sellers under cleared Contracts (including without limitation rights and obligations in respect of clearing and settlement, variation payments and performance at maturity), shall be governed by the Clearing House Rules, including without limitation Chapters 8, 8.C., and 9 of the Clearing House Rules, as applicable.

The Exchange will establish performance bond requirements from time as published by the Exchange in a Notice to Participants. Participants must call for Performance Bond from their Customers and post performance bond with the Clearing House as set forth in Chapters 8 and 9 of the Clearing House Rules. All performance bond collateral must be in a form acceptable to the Clearing House pursuant to Clearing House Rules.

The Clearing House Rules shall prevail in the event of any conflict or inconsistency between this Chapter 9 and the Clearing House Rules with respect to any Clearing Member. All Clearing Members are bound by the Clearing House Rules.

### **RULE 904. Other Clearing Organizations**

Whenever the Exchange designates a clearing organization other than the Clearing House for the clearance of Contracts with respect to which there are open positions, each Clearing Member shall, as of the close of business on the second Business Day prior to the effective date of such designation, either become a clearing member of such successor clearing organization, or cause

any such open Contracts carried by it either to be transferred to a clearing member of such successor clearing organization or to be liquidated.

**RULE 905. Settlement Price**

For each Contract, the Exchange shall publish a daily settlement price and information regarding volume, open interest and opening and closing ranges. Any settlement price shall be determined by the Exchange in accordance with its published or shall be the price determined by the Clearing House in accordance with the Clearing House Rules.

**RULE 906. Clearing Fees**

Clearing fees shall be assessed against a Clearing Member for each side of a transaction traded on, cleared by or processed through the Clearing House as the Clearing House may from time to time prescribe.

**RULE 907. Transfers of Trades**

(a) Subject to the limitations of Rule 908, existing trades may be transferred either on the books of a Clearing Member or from one Clearing Member to another Clearing Member provided: (i) the transfer merely constitutes a change from one account to another account, provided the underlying beneficial ownership in said accounts remains the same; or (ii) an error has been made in the clearing of a trade and the error is discovered and the transfer is completed within two business days after the trade date.

(b) Subject to the limitations of Rule 908, Exchange Officials may, upon request by the Clearing Member(s), approve a transfer of existing trades either on the books of the same Clearing Member, or from the books of one Clearing Member to the books of another Clearing Member if the transfer is in connection with, or as a result of, a merger, asset purchase, consolidation or similar non-recurring transaction between two or more entities where one or more entities become the successor in interest to one or more other entities.

(c) Exchange Officials may, with the consent of the Clearing Member(s) involved, permit the transfer of existing trades if, in the opinion of Exchange Officials, the situation so requires and such transfer is in the best interests of the Exchange.

(d) Provided that the transfer is permitted pursuant to Sections (a), (b) or (c) above, the transactions must be recorded and carried on the books of the receiving Clearing Member at the original trade dates. Futures transactions may be transferred using either the original trade price or the most recent settlement price; Options transactions may be transferred using either the original trade price or a trade price of zero.

(e) All transfers shall be reported to the Clearing House in a form acceptable to the Exchange for the type of transactions involved. The proper indicator must be included in the transfer such that the transactions, including the transaction(s) to reverse an error, clear as transfers. The clearing members involved shall maintain a full and complete record of all transactions together with all pertinent memoranda.

## **RULE 908. Concurrent Long and Short Transactions**

Set forth below are the procedures that must be followed for concurrent long and short positions and hold-open accounts.

(a) Concurrent long and short positions in the same commodity and month may be held by a Clearing Member at the direction of a Customer or on behalf of an omnibus account; however it shall be the duty of the Clearing Member to ascertain whether such positions are intended for offset or to be held open prior to final transmission of position data to the Clearing House.

(b) Concurrent long and short positions in physically delivered Contracts that are held by the same owner during the delivery month and two business days prior to the delivery month must be offset by transactions executed in the market, by allowable privately negotiated transactions, or fulfilled through the normal delivery process, provided, however, that trades may be transferred for offset if the trade date of the position being transferred is the same as the transfer date. Such positions may not be offset via netting, transfer, or position adjustment except to correct a bona fide clerical or operational error on the day the error is identified and provided that the quantity of the offset does not represent more than one percent of the reported open interest in the affected Futures contract month

(c) Clearing Members which, pursuant to this rule, carry concurrent long and short positions, must report to the Exchange both sides as open positions. When either side or both sides are reduced in accordance with Section (b) of this rule, the open positions as reported to the Exchange must be reduced accordingly.

(d) The Exchange takes no position regarding the internal bookkeeping procedures of its Clearing Members which, for the convenience of a Customer, may “hold open” a position only on their books. However, the Clearing Member must accurately report to the Exchange and the Clearing House, as appropriate, large trader positions, long positions eligible for delivery and open interest.

**CHAPTER 10**  
**MISCELLANEOUS**

**RULE 1001. Exchange personnel – Trading and Misuse of Material, Non-Public Information**

(a) Except as provided by Rules 1001(c) and 1001(d), Exchange Officials are prohibited from buying or selling, directly or indirectly, any Contracts traded on or cleared by a Contract Market, domestic derivatives transaction execution facility or Derivatives Clearing Organization, or on any non-U.S. derivatives exchange or board of trade listing products substantially similar to the Contracts.

(b) The Chief Executive Officer may exempt, in whole or in part, an Exchange Official from the prohibitions of Rule 1001(a), if such Exchange Official applies in writing for an exemption and demonstrates to the satisfaction of the Chief Executive Officer that the Exchange Official meets all of the following criteria:

(i) the Exchange Official does not have access to material, non-public information in the course of his or her employment;

(ii) the Exchange Official agrees to provide the Exchange with account statements and other documents relevant to the Exchange Official's buying and selling of Futures Contracts directly or indirectly; and

(iii) the Exchange Official agrees to inform the Chief Executive Officer in writing of any material change that may affect the Exchange Official's qualification for an exemption within one (1) Business Day of the change.

(c) With the Chief Executive Officer's written approval, Rule 1001(a) does not prohibit an Exchange Official from participating in a pooled investment vehicle or other investment vehicle whose investments are directed by a third-party advisor if the Exchange Official has no direct or indirect control over transactions executed by the investment vehicles.

(d) Exchange Officials, agents and independent contractors of the Exchange are prohibited from disclosing material, non-public information obtained as a result of his or her employment, agency relationship or engagement with the Exchange where the Exchange Official, agent or independent contractor expected or should have reasonably expected that the information disclosed may assist a Person in trading any Contract, any Contract traded on another exchange, or any related underlying commodity or security.

(e) Rule 1001(d) shall not prohibit an Exchange Official, agent or independent contractor of the Exchange from disclosing material, non-public information while discharging his or her official duties and responsibilities, including disclosures to another Self-Regulatory Organization, linked exchange, court of competent jurisdiction, or a representative of any agency or department of the federal or state government.

(f) For the purposes of this Rule 1001, the terms “material information,” “non-public information,” “linked exchange,” and “pooled investment vehicle” each shall have the meaning set forth in CFTC Regulation 1.59(a).

#### **RULE 1002. Gifts and Gratuities**

Except as permitted in writing by the Chief Executive Officer, no Clearing Member or Participant or Authorized Trader shall, directly or indirectly, give or permit to be given anything of value, including gratuities, in excess of one hundred dollars (\$100) per individual per year to an Exchange Official. A gift of any kind is considered a gratuity.

#### **RULE 1003. Market Data**

(a) All Clearing Members or Participants, Authorized Traders, and all employees, agents, vendors, and other Persons affiliated with the foregoing understand and acknowledge that the Exchange has a proprietary interest in:

(i) the price and quantity data from each and every transaction executed on the GreenEx Platforms, including the time at which the transaction was executed by, or submitted to, the GreenEx Platforms;

(ii) the price and quantity data for each and every bid and offer submitted for entry into Globex, including the time at which the bid and offer was entered into the GreenEx Platforms;

(iii) the Daily Settlement Price of each Contract;

(iv) any data and information derived from (i), (ii) and (iii) and the format and presentation thereof; and

(v) the transmissions and dissemination of the data and information to Clearing Members or Participants, Authorized Traders, any publisher of the data or information with whom the Exchange has a written agreement, and any other Persons.

(b) Participants, Authorized Traders, Clearing Members, Members and Customers may not distribute, sell or retransmit information displayed on the GreenEx Platforms to any third party.

#### **RULE 1004. Extension or Waiver of Rules**

If necessary and expedient, the Exchange may, in its sole discretion, waive, or extend the time period for performing, any act or acts designated by the GreenEx Rules, but only to the extent such waiver or extension is not inconsistent with the CEA or the CFTC Regulations.

#### **RULE 1005. Effect of Amendment, Repeal or New Rule**

(a) If an amendment or repeal of a GreenEx Rule or adoption of a new GreenEx Rule does not materially change the terms or conditions of a Contract and does not affect the value

of open Contracts, then the effective date of any amendment or repeal of a GreenEx Rule or adoption of a new GreenEx Rule relating to Contracts is binding on all Contracts entered into before and after the effective date of such amendment, repeal or adoption.

(b) If an amendment or repeal of a GreenEx Rule or adoption of a new GreenEx Rule materially changes the terms or conditions of a Contract or affects the value of open Contracts, then the amendment, repeal or new GreenEx Rule is binding only on Contracts listed for trading after the effective date of such amendment, repeal or adoption, and Contracts listed as of the effective date of such amendment, repeal or adoption with no open positions then in existence, unless otherwise specifically provided by the Board.

#### **RULE 1006. Governing Law, Jurisdiction and Dispute Resolution**

(a) The law of the State of New York governs the GreenEx Rules.

(b) Any dispute between the Exchange and a Clearing Member or Participant arising from or in connection with the GreenEx Rules must be brought to arbitration pursuant to Rule 1006(c) within two (2) years from the occurrence of the event giving rise to the dispute. This Rule 1006 shall in no way create a cause of action nor authorize an action that would otherwise be prohibited by the GreenEx Rules.

(c) Any dispute between the Exchange and a Clearing Member or Participant arising from or in connection with the GreenEx Rules will be settled by arbitration administered in New York, NY or Chicago, IL by the American Arbitration Association (the "AAA") under its Commercial Arbitration Rules. The dispute will be submitted to one arbitrator who will be appointed by the AAA. Any arbitrator appointed for purposes of this Rule 1106(c) will have experience with and knowledge of commodities, as listed on the National Roster of Arbitrators kept in the AAA's records. Judgment on the award rendered by the arbitrator will be binding on the parties and may be entered in any state or federal court sitting in the Wilmington, Delaware metropolitan area, and the Exchange and each Clearing Member or Participant shall be deemed to have consented to the personal jurisdiction of any such court. Each party to the dispute will bear its own costs and expenses in connection with any arbitration hereunder, as well as an equal share of the administrative fees and the fees of the arbitrator; provided, however, that the arbitrator will be entitled to include in any award a full reimbursement for the prevailing party's costs and expenses, such party's share of the administrative fees and the fees of the arbitrator, or any combination of any or all of the above. In the event that this Rule 1106(c) is held to be unenforceable in connection with any dispute, (i) exclusive jurisdiction for any such dispute will reside in any state or federal court sitting in the New York, NY metropolitan area, (ii) the Exchange and the Clearing Member or Participant involved in the dispute will be presumed to have submitted to the personal jurisdiction of any such court, and (iii) an action to enforce any judgment or decision of such court may be brought in the same court or in any other court with jurisdiction or venue. Finally, all Clearing Members or Participants unconditionally and irrevocably waive any and all right to trial by jury in connection with any such dispute.

**CHAPTER 11**  
**CONTRACT SPECIFICATIONS**

**[See attached.]**